HOUSING AUTHORITY
OF THE COUNTY OF CONTRA COSTA
(A Component Unit of the County of Contra Costa)
BASIC FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017
(Including Auditors' Report Thereon)

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
BASIC FINANCIAL STATEMENTS
MARCH 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the
County of Contra Costa
Martinez, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the County of Contra Costa, component unit of the County of Contra Costa, California (the Authority), as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We did not audit the financial statements of the aggregate discretely presented component units reported in the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of HACCC Casa Del Rio, Inc, a California Nonprofit Public Benefit Corporation and CDR Senior Housing Associates, a California Limited Partnership, which represent 14.6%, -20.3% and 0.4%, respectively, of the primary government's assets, net position, and revenue. We did not audit the financial statements of DeAnza Housing Corporation, a California Nonprofit Public Benefit Corporation and DeAnza Gardens L.P. a California Limited Partnership, which are combined and reported as discretely presented component units titled Component Units in the fund financial statements. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units and blended component units - Casa Del Rio Housing is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, schedule of proportionate share of the net pension liability on page 60, schedule of employer contributions on page 60, and schedule of funding progress for OPEB on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the County of Contra Costa, California's basic financial statements. The schedule of relevant statistics is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying Financial Data Schedules (CA011) are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. Finally, the accompanying Schedule of Completed Capital Fund Program

Project is presented for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Financial Data Schedules, and Schedule of Completed Capital Fund Program Project are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the Untied States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of relevant statistics has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017, on our consideration of the Housing Authority of the County of Contra Costa, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Harn & Dolan

November 17, 2017

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2017

The management of the Housing Authority of the County of Contra Costa (the Authority) would like to provide the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2017.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- Net position decreased by $100,996 (or 1.78%) during 2017 (see Table 1) as a result of positive changes in the net pension liability of $473,506 and a negative change in normal operations of $574,500.
- Unrestricted net position increased by $322,369 (or 74.81%) during 2017 (see Table 1) as a result of positive change in the net pension liability of $473,506 and a negative change in normal operations in the amount of $151,136.
- Total revenue increased by $7.3 million (or 6.9%) as a result of current year activities (see Table 3).
- Total expenditures increased $8.4 million (or 8.1%) as a result of current year activities (see Table 3).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three parts as follows: (1) **Fund Financial Statements**, (2) **Notes to the Basic Financial Statements**, and (3) **Supplementary Information**.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements presentation is similar to the traditional government financial statements. The statements are the Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Fund Net Position, and the Statement of Cash Flows. The focus is now on Major Funds, rather than fund types. The Authority's funds consist exclusively of Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the funds administered by the Authority are provided by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control. GASB's 34 and 37 require individual enterprise funds to be reported as major funds if total assets, liabilities, revenue, or expenses of that individual fund exceed 10% or corresponding element total of the Authority as a whole. In the past, the Authority reported four major funds and an aggregate column for non-major funds. Beginning April 1, 2006, the Authority reported all of its activities in one major fund titled "Housing". The Authority's mission is to provide affordable housing within the County of Contra Costa, regardless of grant or program. Therefore, we believe that reporting all activity in one fund is consistent with this mission and simpler for the readers of the Authority's report.

The Authority's activity includes:

Public Housing – Under the Public Housing Program, (also titled as 'Low Rent-Aided Housing') the Authority rents units that it owns to very low & low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD. The ACC provides Operating Subsidy and Capital improvement Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income or at a flat rate below market rate.

Public Housing Capital Fund Grant - HUD provides grants for the modernization of the Public Housing Program units. The modernization is accounted for by each grant, which is merged as a part of the Public Housing Program totals.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, (hereunder titled as 'Voucher' Program) the Authority administers the program under an Annual Contributions Contract (ACC) with HUD. The ACC provides funding to the Authority to provide tenant based rental assistance to program participants. The rental assistance payment is structured so as the rental payment that the participant is obligated to pay is 30% to 40% of household income. This is a major federal program.

Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation - is a U.S. Department of Housing and Urban Development funded rehabilitation program that provides project based rental assistance based on Housing Voucher methodology in determining subsidized rent and program compliance.

Casa Del Rio, Associates - Casa Del Rio, Senior Housing Associates (CDR) was formed as a limited partnership on April 12, 1994, for the purpose of developing, owning and operating an 82-unit affordable housing rental complex (the project) located in Antioch, California. The Project qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Service Code. Such projects are regulated under terms of a Regulatory Agreement, including rent charges, operating methods and other matters. This limited partnership is considered to be a blended component unit of the Authority. The most recent audits were for the fiscal year ended December 31, 2016. These reports can be obtained from the Authority using the information on page 11.

Casa Del Rio, Incorporated - The general partner of the Casa Del Rio Partnership is HACCC Casa Del Rio, Inc., a California public benefit corporation. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority, which was the developer of the Project, and is consider a blended component unit of the Housing Authority. These component units receive separate audit reports performed on a calendar year basis. The most recent audits were for the fiscal year ended December 31, 2016. These reports can be obtained from the Authority using the information on page 11.

Casa Del Rio Apartments, LLC - This limited liability corporation is being formed to replace the limited partner "Boston Capital" of the Casa Del Rio Partnership. The officers and Board members of HACCC Casa Del Rio, Inc will direct the LLC.

Shelter Plus Care Program – is designed to provide rental assistance and supportive services to homeless and disabled individuals and their families. It is cooperatively administered by the County Health Services Department and the Housing Authority of Contra Costa County, and has the capacity to serve roughly 200 households.

(Continued)

Participants receive rental assistance and supportive services funded by the U.S. Department of Housing and Urban Development.

CDBG Rental Rehabilitation Program (RRP) - Under the RRP, the Authority executes annual funding contract with various governmental entities to fund the operations of a program that assists rental property owners with rehabilitation of housing units to help assure a supply of affordable rental apartments and homes for its Section 8/Voucher users and other low-income households. Technical assistance in determining repairs is provided by Authority staff and below-market-rate loans are made to cover part of rehabilitation costs. Program administrative costs are shared by the funding providers and the Authority.

Rental Rehabilitation Program (RRP) - Under the RRP, the Authority operates a program that assists rental property owners with rehabilitation of housing units to help assure a supply of affordable rental apartments and homes for its Section 8/Voucher users and other low-income households. Technical assistance in determining repairs is provided by Authority staff and below-market-rate loans are made to cover part of rehabilitation costs. Funds from this program are to supplement the CDBG RRP for loans or administration.

Management Fund & County Programs – This program is often referred to as the "State and Local Fund". The fund represents non-HUD resources developed from a variety of activities, including developer fees, management fees, program cost reimbursement, and other local and non local activities. This fund administers the pension and benefit programs for the agency.

Central Office Cost Center - The COCC fund earns revenue from fees and services provided to various federal programs. The funds earned are considered non-HUD funds and go to cover the overhead and support services provided to the various federal programs. HUD is currently preparing rule changes that will restrict these funds to use in Federal programs only.

Discretely Presented Component Unit:

DeAnza Gardens L.P. (DeAnza)– DeAnza was formed as a limited partnership on December 10, 2001 for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family affordable rental housing complex located in Contra Costa County.

The project was built on land owned by and leased from the Housing Authority of the County of Contra Costa (the Authority). Under the terms of the lease, title to the improvements reverts to the lesser at the end of the 75-year lease. The Project qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Service Code. Such projects are regulated under terms of a Regulatory Agreement, including rent charges, operating methods and other matters.

DeAnza Corporation, Inc. The general partner of DeAnza Gardens L.P. is DeAnza Corporation Inc., a California public benefit corporation. The officers and Board members of the corporation are separate and apart from the Housing Authority. The only Board member position in the corporation that represents the Housing Authority is the Executive Director, who serves as one of the five board positions of the corporation. The Housing Authority has been designated as the managing general partner.

(Continued)

The DeAnza entities, under HUD REAC's direction, are to be considered by the Authority as other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. As such, the Authority considers these two entities to be discretely presented component units. These component units receive separate audit reports performed on a calendar year basis. The most recent audits were for the calender year ended December 31, 2016. These reports can be obtained from the Authority using the information on page 11.

Also included in the Basic Financial statements are:

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Supplementary Information. Certain information is required to be included in this report by various federal agencies. This information is included after the notes to the financial statements under the title supplementary information.

TABLE 1

STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position, for the primary government, compared to prior year. The Authority is engaged only in Business-Type Activities.

	March 31, 2017	March 31, 2016	Increase (Decrease)	%
Current assets	$ 9,848,249	$ 9,394,876	453,373	4.83%
Restricted assets	1,344,572	1,342,600	1,972	0.15%
Capital assets, net of depreciation	11,904,435	12,433,904	(529,469)	4.26%
Other noncurrent assets	3,550,017	3,458,413	91,604	2.65%
Total assets	26,647,273	26,629,793	17,480	0.07%
Deferred outflows of resources	2,013,425	2,165,706	(152,281)	7.03%
Current liabilities	2,479,636	1,910,672	568,964	29.78%
Payable from restricted assets	784,364	633,674	150,690	23.78%
Long term liabilities	19,809,372	20,562,831	(753,459)	3.66%
Total liabilities	23,073,372	23,107,177	(33,805)	0.15%
Deferred inflows of resources	-	-	-	
Net position:				
Net investment in capital assets	5,104,662	5,391,407	(286,745)	5.32%
Restricted	591,228	727,848	(136,620)	18.77%
Unrestricted	(108,564)	(430,933)	322,369	74.81%
Total net position	$ 5,587,326	$ 5,688,322	$ (100,996)	1.78%

(Continued)

Major Factors Affecting the Statement of Net Position
The major factor affecting net position was a reduction in the pension liability of $473,506, but an increase to normal operations in the amount of $574,500. The increase in normal operations was a result in the cost of subsidy levels in the Housing Choice Voucher program due to increased rental market in the area.

Table 2 below presents details on the change in Unrestricted Net Position.

TABLE 2
CHANGE OF UNRESTRICTED NET POSITION BY PROGRAM

	Beginning Balance 04/01/2016	Change of Unrestricted Position this Report Period	Ending Balance 03/31/2017
Housing Choice Voucher Program	$ 4,063,503	$ (154,752)	$ 3,908,751
Public Housing (including Capital Fund)	1,099,553	105,460	1,205,013
Central Office Cost Center	654,677	(28,225)	626,452
Casa Del Rio (blended component unit)	6,063	(128,547)	(122,484)
Housing Assistance Section 8 Mod Rehab	4,890	(4,890)	-
CDBG Loan	16	(16)	-
Other State and Local	(6,259,635)	533,339	(5,726,296)
Authority totals	$ (430,933)	$ 322,369	$ (108,564)

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer change in financial well-being of each of the program areas. The major change in the unrestricted net position this period was a result of reduced pension liability in the Other State & Local program.

(Continued)

TABLE 3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	Actual March 31, 2017	Budget March 31, 2017	Actual March 31, 2016	Budget March 31, 2016
Operating revenue:				
Rental and other	$ 5,667,202	$ 3,486,808	$ 5,553,837	$ 4,857,689
Non-operating revenue:				
Federal grants and subsidies	105,487,094	99,664,495	98,995,429	93,837,509
Capital contributions	1,050,023	844,419	306,752	800,664
Other revenue	151,752	1,085,122	223,519	1,583,239
Total revenues	112,356,071	105,080,844	105,079,537	101,079,101
Operating expenses:				
Administration	8,704,429	7,971,279	8,036,311	9,060,709
Tenant services	816,732	525,904	498,416	378,781
Utilities	2,059,458	1,813,653	1,875,060	2,124,989
Maintenance	4,539,045	4,085,259	4,123,891	3,554,343
General	1,387,597	1,263,931	1,270,001	1,454,982
Housing assistance payments	92,977,420	85,122,883	85,978,059	82,656,425
Depreciation	1,754,951	2,597,597	2,050,894	3,239,401
Non-operating expenses:				
Debt-service interest	217,435	291,040	235,480	987,931
Capital Expenses	-	844,419	-	1,015,708
Loan amortization and fees	-	-	4,244	-
Total expenses	112,457,067	104,515,965	104,072,356	104,473,269
Changes in net position	(100,996)	564,879	1,007,181	(3,394,168)
Net position, beginning of the year	5,688,322	5,688,321	13,868,749	13,868,749
Prior period adjustment	-	-	(9,187,608)	-
Net position, end of the year	$ 5,587,326	$ 6,253,200	$ 5,688,322	$ 10,474,581

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position

The major factors affecting the Statement of Revenue, Expenses, and Changes in Net Position was a combination of two items; the reduction in the pension liability of $473,506 and an increase to normal operations in the amount of $574,500. The increase in normal operation was a result of the increase in the cost of subsidy levels in the Housing Choice Voucher Program due to increased rental market in the area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $11.9 million invested, see also Note 5 to the basic financial statements.

TABLE 4
CAPITAL ASSETS

	March 31, 2017	March 31, 2016	Change
Land	$ 1,825,993	$ 1,825,993	$ -
Buildings	98,618,966	97,860,387	758,579
Equipment	2,871,699	2,621,168	250,531
Accumulated Depreciation	(91,740,253)	(90,078,351)	(1,661,902)
Construction In Progress	328,030	204,707	123,323
Total	$ 11,904,435	$ 12,433,904	$ (529,469)

The following reconciliation summarizes the change in Capital Assets.

TABLE 5
CHANGE IN CAPITAL ASSETS

	2017	2016
Capital assets - beginning of year	$ 12,433,904	$ 14,091,150
Additions:		
Capital Fund Grant:		
Improvements to dwelling units	881,903	306,752
Equipment	168,120	-
Equipment	175,459	86,896
Depreciation	(1,754,951)	(2,050,894)
Capital assets - end of year	$ 11,904,435	$ 12,433,904

Notes Payable Outstanding

As of year-end, the Authority had $4,995,883 of notes payable outstanding, see Note 6 to the basic financial statements.

ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for funding operations; therefore, the Authority is affected more by the federal budget than by state or local economic conditions. The Authority's budgets and subsidy funding requests are approved by HUD.

FINANCIAL CONTACT

The individual to be contacted regarding this report, and the reports of the Authority's component units, is the Director of Finance of the Housing Authority of the County of Contra Costa, at (925) 957-8014. Specific requests may be submitted to the Director of Finance, Housing Authority of the County of Contra Costa, P.O. Box 2759, 3133 Estudillo Street, Martinez, CA 94553.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
MARCH 31, 2017

	Primary Government Housing	Component Units
ASSETS		
Current assets		
Cash and investments (Note 2 and 14)	$ 7,565,319	$ 221,146
Due from other agencies	1,886,185	-
Due from related parties - DeAnza (Note 14)	69,684	-
Tenant accounts receivable	203,513	43,255
Allowance for doubtful accounts	(65,616)	(1,720)
Miscellaneous accounts receivable	-	26,957
Allowance for doubtful accounts	-	(7,881)
Interest receivable	18,880	3,700
Notes receivable - short term (Note 4)	5,034	-
Prepaid expenses	165,250	20,115
Total current assets	9,848,249	305,572
Restricted assets:		
Restricted cash (Note 2 and 3 and 14)	1,344,572	1,489,627
Capital assets (Note 5 and 14):		
Land	1,825,993	1,150,712
On site improvements	-	4,028,709
Buildings	98,618,966	29,714,010
Furniture and equipment	2,871,699	532,556
Construction in progress	328,030	-
Accumulated depreciation	(91,740,253)	(12,701,623)
Total capital assets	11,904,435	22,724,364
Other noncurrent assets:		
Long-term notes receivable (Note 4)	376,466	-
Long-term notes receivable - DeAnza (Note 4 and 14)	1,000,000	-
Interest receivable on long-term notes (Note 4)	105,350	-
Due from related parties - DeAnza (Note 14)	2,010,529	-
Other long-term assets	57,672	-
Total other noncurrent assets	3,550,017	-
Total assets	26,647,273	24,519,563
DEFERRED OUTFLOWS OF RESOURCES		
Pension (Note 11)	2,013,425	-

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
MARCH 31, 2017
(Continued)

	Primary Government Housing	Component Units
LIABILITIES		
Current liabilities:		
Accounts payable	$ 926,169	$ 79,826
Due to related parties - Authority (Note 14)	-	14,012
Due to other agencies	347,141	-
Accrued salaries and related costs	235,882	-
Accrued interest (Note 14)	-	45,900
Other accrued liabilities	176,419	-
Payable from restricted assets:		
Tenant security deposits	366,628	167,518
Unearned revenue (Note 8)	270,242	28,631
Current portion of compensated absences (Note 1.I.)	296,934	-
Current portion of long-term debt (Note 6 and 14)	226,851	231,346
Total current liabilities	2,846,266	567,233
Other noncurrent liabilities:		
Long-term debt (Note 6 and 14)	4,769,032	8,046,021
Long-term debt - Authority (Note 14)	-	1,000,000
Long-term portion of compensated absences (Note 1.I.)	125,133	-
Payable from restricted assets:		
Family self sufficiency escrows	417,736	-
Other noncurrent liabilities (Note 9 and 14)	2,344,836	8,378
Due to related parties - Authority (Note 14)	-	2,037,165
Net pension liability (Note 11)	10,162,604	-
Other post employment benefit liability (Note 12)	2,407,765	-
Total noncurrent liabilities	20,227,106	11,091,564
Total liabilities	23,073,372	11,658,797
DEFERRED INFLOWS OF RESOURCES		
	-	-
NET POSITION (Note 10 and 14)		
Net investment in capital assets	5,104,662	14,401,097
Restricted net position	591,228	1,454,263
Unrestricted net position	(108,564)	(2,994,594)
Total net position	$ 5,587,326	$ 12,860,766

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2017

	Primary Government Housing	Component Units
Operating revenue:		
Rents and other tenant revenue	$ 4,512,990	$ 2,043,704
Other	1,154,212	130,092
Total operating revenue	5,667,202	2,173,796
Operating expenses:		
Administration	8,704,429	411,605
Tenant services	816,732	-
Utilities	2,059,458	261,803
Maintenance	4,539,045	451,693
General	1,387,597	90,456
Housing assistance payments	92,977,420	-
Depreciation (Note 5 and 14)	1,754,951	1,026,181
Total operating expenses	112,239,632	2,241,738
Operating income (loss)	(106,572,430)	(67,942)
Nonoperating revenue (expenses):		
Grants	105,487,094	-
Restricted interest	2,757	-
Unrestricted interest	32,415	34,463
Mortgage interest	1,620	-
Interest on notes receivable with related party (Note 4 and 14)	30,000	(30,000)
Related party fees (Note 14)	84,960	(84,960)
Debt service - interest (Note 6 and 14)	(217,435)	(567,668)
Net gain before contributions and transfers	(1,151,019)	(716,107)
Capital contributions	1,050,023	-
Change in net position	(100,996)	(716,107)
Net position - beginning of year	5,688,322	13,576,873
Net position - end of year	$ 5,587,326	$ 12,860,766

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2017

	Primary Government Housing
Cash flows from operating activities:	
Tenant receipts	$ 4,333,150
Other receipts	1,230,710
Payroll and benefit expenditures	(9,892,598)
Administration expenditures	(1,205,721)
Tenant services expenditures	(416,658)
Utilities expenditures	(2,060,570)
Maintenance expenditures	(2,647,473)
General expenditures	(729,012)
Housing assistance payment expenditures	(93,032,851)
Net cash used by operating activities	(104,421,023)
Cash flows from noncapital financing activities:	
Operating grants received	103,726,966
Related parties transactions	4,927
Repayment of notes receivable	9,302
Notes receivable issued	(760)
Net cash provided by noncapital financing activities	103,740,435
Cash flows from capital financing activities:	
Grants received to acquire capital assets	1,050,023
Acquisition of capital assets	(1,225,482)
Principal paid on debt	(296,691)
Interest paid on debt	(135,504)
Net cash used by capital financing activities	(607,654)
Cash flows from investing activities:	
Interest receipts	32,217
Interest on restricted cash	2,757
Net cash provided by investing activities	34,974
Net increase to cash	(1,253,268)
Cash at beginning of year	10,163,159
Cash at end of year	$ 8,909,891
Cash and investments	$ 7,565,319
Restricted cash	1,344,572
Total cash at year end	$ 8,909,891

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2017

(Continued)

	Primary Government Housing
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (106,572,430)
Adjustments to reconcile operating loss to	
Net cash used by operating activities:	
Depreciation expense	1,754,951
(Increase) Decrease in:	
A/R other governments	9,697
Tenants accounts receivable	(29,427)
Prepaid expenses	44,238
Other long-term assets	7,609
Deferred outflows of resources	152,281
Increase (Decrease) in:	
Accounts payable	543,508
Due to other agencies	(12,865)
Tenant security deposits	287
Accrued salaries and related costs	21,161
Unearned revenues	64,904
FSS escrows	150,405
Compensated absences	57,819
Noncurrent liabilities	-
Post retirement benefits	12,626
Net pension liability	(625,787)
Net cash used by operating activities	$ (104,421,023)

Noncash transactions:

- Interest of $78,787 was accrued as payable to RHCP. The payments on this loan are deferred, unless the project generates surplus cash.
- Interest of $30,000 was accrued as receivable from DeAnza Gardens L.P. No payments were received with regards to this loan.
- Lease fees of $72,000 were accrued as receivable from DeAnza Gardens L.P. These fees are deferred.
- Interest on the Rental Rehabilitation loans of $1,620 was accrued as revenue, while none was received. The interest on these loans is due at maturity.

The accompanying notes are an integral part of this statement.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of The Housing Authority of the County of Contra Costa (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority's more significant accounting policies:

A. Organization

The Authority was established pursuant to the State Health and Safety Code in 1941. The Authority is a public entity organized under the laws of the State of California's Health and Safety Code to provide housing assistance to low and moderate income families at rents they can afford. Eligibility is determined by family composition and income in areas served by the Authority. To accomplish this purpose, the Authority has entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development (HUD) to operate assisted housing programs.

The governing board of the Authority is the County Board of Supervisors. The Authority is a legally separate entity from the County, maintaining separate accounting records, staff, and administration facilities. In addition, there is no financial benefit/burden relationship between the County and the Authority and the County has limited or no opportunity to impose its will upon the Authority because the Authority is governed by rules and regulations imposed by the Federal government through the U.S. Department of Housing and Urban Development. The County defines the Authority as a discretely presented component unit in its Comprehensive Annual Financial Report (CAFR). A copy of this report may be obtained by contacting the Office of the Auditor-Controller, 625 Court Street, Martinez, California 94553 or by visiting http://co.contra-costa.ca.us/.

B. Financial Reporting Entity

The Authority's combined financial statements include the accounts of all the Authority's operations. The criteria used in determining the scope of the financial reporting entity is based on provisions of Governmental Accounting Standards No. 61, *The Financial Reporting Entity*. The financial statements of the Authority include the financial activity of the Authority and any component units. The decision to include a potential component unit in the reporting entity was made based on the significance of their operational or financial nature and significance of their relationship with the Authority, including consideration of organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the aforementioned criteria, the Authority has blended

Note 1 (continued)

and discretely presented component units. The blended component units, although legally separate entities, are, in substance, part of the Authority's operations. Discretely presented component units are reported in a separate column in the fund financial statements to emphasize that they are legally separate from the government. The component units are as follows:

Blended Component Units. HACCC Casa Del Rio, Inc (A California Nonprofit Public Benefit Corporation) and CDR Senior Housing Associates (A California Limited Partnership) . HACCC Casa Del Rio, Inc. is the general partner of CDR Senior Housing Associates. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority. The partnership was formed in 1994 to develop and operate an 82-unit affordable housing rental complex located in Antioch, California, which is currently known as Casa Del Rio Senior Housing.

Casa Del Rio Senior Housing was placed into service in 1995. Pursuant to the Indemnification Agreement dated July 1, 1994, by and among the Authority, HACCC Casa Del Rio, Inc., CDR Senior Housing Associates, and MHIFED I Limited Partnership, the Authority could possibly be liable for unpaid taxes, interest and penalties, cost to contest, operating deficiency and expenses of enforcement as identified in the Agreement and for a sponsor's operating guaranty to provide sufficient staff or equipment to the general partner, as needed and remedies against sponsor for default under the Amended HCD Agreement. Casa Del Rio Senior Housing participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2054.

Since HACCC Casa Del Rio, Inc and CDR Senior Housing Associates have the potential to impose a financial burden on the Authority, these entities have been included in the Authority's financial statements as blended component units. See also Note 14.

Discretely Presented Component Units. DeAnza Housing Corporation (A California Nonprofit Public Benefit Corporation) and DeAnza Gardens, L.P. (A California Limited Partnership). The Authority is the General Partner and DeAnza Housing Corporation is the managing general partner of DeAnza Gardens, L.P. The partnership was formed for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family rental housing units and the provision of low-income housing through the construction, renovation, rehabilitation, operation, and leasing of an affordable housing development located in Contra Costa County, which is currently known as DeAnza Gardens.

DeAnza Gardens was placed into service during 2005. It was built on land owned by and leased from the Authority. Under the terms of the lease, title to the improvements revert to

Note 1 (continued)

the Authority at the end of the 75-year lease. Financing for construction was obtained through notes from the Authority, Bank of America, and DeAnza Housing Corporation. DeAnza Gardens participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2078.

Since DeAnza Housing Corporation and DeAnza Gardens L.P. are other organizations for which the nature and significance of their relationship with the Authority are such that exclusion from the financial statements would cause the Authority's financial statements to be misleading or incomplete, these entities have been included in the Authority's financial statements as discretely presented component units. See also Note 14.

Complete audited financial statements are issued separately for each of the individual component units listed above and may be obtained from the Housing Authority of the County of Contra Costa, 3133 Estudillo Street, P.O. Box 2759, Martinez, California 94553.

C. Basis of Presentation

Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Authority's activities are strictly business-type. The Authority has no fiduciary funds.

Fund Financial Statements:

Fund financial statements of the Authority are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses/expenditures as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. A fund is considered major if it is the primary operating fund of the Authority or if total assets, liabilities, revenue, or expenses/expenditures of the individual fund are at least 10 percent of the Authority-wide total. The Authority considers all of its activity to be housing related and therefore, considers all the financial activity of the Authority to be one major fund, titled *Housing*. As such, the Authority has no non-major funds.

PROPRIETARY FUND TYPES

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of

Note 1 (continued)

providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used when the governing body has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Authority's funds are operated as enterprise funds.

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Proprietary Fund Types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred. Under this basis of accounting and measurement focus, the Authority applies all GASB pronouncements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. The principal operating revenue of the Authority's enterprise funds is dwelling rental income. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. The principal operating expenses of the Authority's enterprise funds are employee salaries and benefits, housing assistance payments, utilities, and the costs to maintain the owned units. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When the Authority incurs an expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first and then unrestricted resources as needed.

E. Interfund Transactions

Statement of Net Position:

Short-term amounts due between funds are classified as "Due from/to other funds". As of March 31, 2017, the amounts due between the various proprietary funds totaled $770,676.

Operating advances made to the blended component units, HACCC Casa Del Rio, Inc and CDR Senior Housing Associates totaled $468,522 as of March 31, 2017. The interfund

(Continued)

Note 1 (continued)

balance as of December 31, 2016, was $440,311 and was reported as non-current related party payable by the other auditors. The Statement of Net Position - Proprietary Funds, reported as of March 31, 2017, shows $440,311 as both a noncurrent asset and as a noncurrent liability. The difference of $28,211, due to the timing differences in fiscal year end, is shown as "other" noncurrent assets (see also Note 14).

A long-term note due from the Management Enterprise Fund to the blended component unit, HACCC Casa Del Rio, Inc in the amount of $185,000 is reported as long-term notes receivable and long-term debt. See also Notes 4 and 6.

These interfund assets and liabilities have been eliminated from the Statement of Net Position - Proprietary Funds. For further detail, please see the Financial Data Schedule found in the Supplementary Information section of this report.

Statement of Revenues, Expenses, and Changes in Fund Net Position:

Participants of the Housing Choice Voucher Program have decided to occupy units owned by the Authority's blended component unit. Housing assistance payments made by the Housing Choice Voucher and Shelter Plus Care Programs to Casa Del Rio Senior Housing (CDR) totaled $16,338 for the fiscal year ended March 31, 2017. CDR also paid the Authority $52,452 during the current fiscal year for management fees.

The Authority utilizes a Central Office Enterprise Fund to account for administrative costs that are not charged to its Public Housing, Housing Choice Voucher, and Shelter Plus Care Program Enterprise Funds. The Housing Choice Voucher Enterprise Fund paid management fees and bookkeeping fees in the amount of $1,312,826 and $561,225, respectively. The Public Housing Enterprise Fund paid property management, bookkeeping, and asset management fees in the amount of $833,359, $91,699, and $114,120, respectively. The Shelter Plus Care Enterprise Fund was allocated costs of $44,705 in lieu of fees. These costs, totaling $2,957,934, are reported as total fee revenue in the Central Office Enterprise Fund and administrative expenses of the Public Housing, Housing Choice Voucher, and Shelter Plus Care Enterprise Funds.

Beginning in the prior fiscal year, the Authority created a fund to account for the pension transactions required by GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No.27". Actual payments made to the Authority's pension plan administrator, the Contra Costa County Employees' Retirement Association (CCCERA), have been expensed to the Authority's programs based on payroll allocations effective at the time of payment. The newly established enterprise fund, accounted for within the State and Local Enterprise Fund, holds the deferred outflows of

(Continued)

Note 1 (continued)

resources generated when the payments are made. The GASB 68 required accounts are adjusted annually at each actuarial measurement date. During the current fiscal year, $2,353,218 of payments to CCCERA were recorded as expenditures of the Authority's various programs and as revenue of the State and Local Enterprise Fund. The Authority intends to establish this same procedure next fiscal year to implement GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB reporting for employers)".

The Authority is required by HUD to pay HAP on behalf of other authorities with Housing Choice Voucher Program participants residing within Contra Costa County. The Authority is reimbursed for this HAP from the initiating housing authority. HUD requires this HAP to be reported as an expense when paid to the landlord and as income when reimbursed from the initiating housing authority. For the current fiscal year, the Authority paid $894,349 in HAP on behalf of other housing authorities. This amount is therefore reported as revenue and expense of the Housing Choice Voucher Enterprise Fund.

CDR Inc earns interest of $13,912 on its loan with the Authority of $185,000. CDR Inc has agreed to give the interest back to the Authority as a charitable contribution. This interest revenue and expense were eliminated within the blended component unit enterprise fund.

Interfund transfers of $907,940 were made between the Authority's funds this fiscal year. Interfund transfers of $668,197 were made within the Public Housing enterprise Fund. This represents the use of Capital Fund grants for Public Housing operating costs. Interfund transfers of $198,826 were made from the Housing Choice Voucher Enterprise Fund to the Family Self Sufficiency Enterprise Fund ($191,598) and the Shelter Plus Care Enterprise Fund ($7,288) to assist in program funding short falls. Interfund transfers of $40,389 were made from the Section 8 Moderate Rehabilitation Enterprise Fund to the Housing Choice Vouchers Enterprise Fund to cover prior year funding short falls. The Rental Rehabilitation Enterprise Fund transferred $528 to the CDBG Rental Rehabilitation Enterprise Fund to cover operating costs.

Interfund revenues and expenses of $5,379,942 have been eliminated from the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. This amount includes the interfund HAP, management fees, bookkeeping fees, asset management fees, and pension plan payments. The transfers net to zero and are not reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. For further detail, please see the Financial Data Schedule found in the Supplementary Information section of this report.

(Continued)

Note 1 (continued)

F. Cash and Investments

Cash includes amounts in demand deposits and saving accounts. Investments are reported in the accompanying statement at market value. All of the Authority's investments can be converted to cash in a relatively short amount of time. Therefore, all cash and investments are used in the Statement of Cash Flows.

Changes in fair value that occur during a fiscal year are recognized as *interest income* reported for that fiscal year. *Interest income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The Authority pools cash and investments of all programs. Each program's share in this pool is displayed in the accompanying Financial Data Schedule as *cash and investments*. Interest income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

G. Accounts Receivable

Receivables are principally amounts due from HUD and tenants. Allowance for doubtful accounts has been provided based on the likelihood of the recovery.

H. Capital Assets

Capital assets, which include property, plant and equipment, acquired for Proprietary Funds are capitalized in the respective funds to which they apply. The Authority has an established capitalization policy, which requires all acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets to be capitalized. Property and equipment are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest expense incurred during the development period is capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets used by Proprietary Funds is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. Capital assets are being depreciated using the straight-line basis over the useful lives of the assets. The useful lives are generally 27.5 years for buildings, 10 years for modernization, 5 years for vehicles, furniture and equipment, and 3 years for computer equipment. Salvage value on all depreciable equipment is assumed to be insignificant and therefore valued at $0.

Note 1 (continued)

I. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the Authority. All vacation pay is accrued when incurred and allocated to the appropriate proprietary fund. Total liability for the Authority is $422,067 based on year-end hourly rates. Of this amount $296,934 is considered by the Authority to be a current liability.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The Authority's deferred outflows of resources consist of (1) items associated with, and referred to in, the actuarial report of the defined benefit pension plan, and (2) payments made on behalf of employees to the defined benefit pension plan after the measurement date of the actuarial report. See also Note 11.

In addition to liabilities, the Statement of Financial Position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflows of resources consist of items associated with, and referred to in, the actuarial report of the defined benefit pension plan. See also Note 11.

It is the Authority's practice to report deferred outflows and inflows of resources in the aggregate on the Statement of Net Position.

K. Net Position

Net position represents the differences between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position consists of net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowing used for acquisition, construction, or improvement of those assets (excluding interfund borrowing and including accrued interest). Net position is reported as restricted when there are limitations imposed on its use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Note 1 (continued)

L. Income Taxes

The Authority is exempt from federal and state income taxes. The Authority is also exempt from property taxes but makes payments in lieu of taxes on owned housing.

M. Budgets and Budgetary Accounting

The Board of Commissioners adopts an operating budget effective April 1 annually. This budget may be revised by the Board of Commissioners during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption.

N. Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the disclosure of contingent assets and liabilities; and the reported revenues and expenses. Actual results could differ from those estimates.

O. Encumbrances

Encumbrance accounting is not employed by the Authority.

P. Grant Restrictions

The Authority has received loans and grants from the U.S. Department of Housing and Urban Development. The grants require that only individuals and families that meet various income, age and employment standards be housed or aided.

Q. Cost Allocation Procedures

Cost allocation procedures are divided into one of the following three methods, 1) Direct Costs, 2) Indirect Costs, 3) Fee for Service.

Direct Allocation Method: this method is used when the cost being incurred directly benefits a specific "program, region, development, project or site". Allocation at the regional, development, project or site level shall be allocated by using the ratio of number of bedrooms managed (zero bedroom units will count as 1). Allocation at the Program level will be based on a common factor within the program area, such as units within a grant, grant award amounts, or other reasonable factors where allowed.

Indirect Allocation Method: this method is used when the cost being incurred is for a common or joint objective and therefore does not directly benefit a specific "program, region,

Note 1 (continued)

development, project or site". These costs will be allocated using a rationale from direct salary allocation plan consistent with Uniform Guidance. The direct salary allocation plan will be established annually as a part of the annual budget process.

<u>Fee for Service Method</u>: this method is used when an employee performs work outside of their budgeted allocation. The fee for service method will reduce the allocations of salary and benefits from the program that the position was originally budgeted for. This method should be documented on a time reporting process, either by way of time card or activity log or both.

R. <u>Loan Costs</u>

The Authority has implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities.* The Statement requires that debt issuance costs be reported as expenses when incurred since they no longer meet the definition of an asset. The component units are nonprofit public benefit corporations and limited partnerships and they follow the guidance of the Financial Accounting Standards Board for their financial reporting. Certain recognition criteria and presentation features are different from GASB. For instance, prior to January 1, 2016, these entities reported debt issuance costs as an asset amortized over time. During 2016, these entities adopted new accounting guidance required by accounting principles generally accepted in the United State of America and changed its method of accounting for debt issuance costs and related amortization of such costs. The net of these costs are now reported as a direct reduction of notes payable. No modifications have been made to the audited financial information as presented. The unamortized value of the loan costs does not have a material effect on the Authority's net position. Net loan costs of $24,820 have been netted with long-term debt of the primary government, for the blended component units, while $68,111 have been netted with long-term debt of the component units, for the discretely presented component units.

S. <u>Pension Plan</u>

The Authority participates in a cost-sharing multi-employer defined benefit retirement plan that is administered by the Contra Costa County Employees' Retirement Association (CCCERA). Contributions to CCCERA are made on a current basis as required by the plan and are charged to expenditures. The Authority used actuarial reports supplied by CCCERA for the purpose of measuring the net pension liability, deferred outflows and inflows of resources related to the pension plan. The valuation date of the latest actuarial report was December 31, 2016.

Note 1 (continued)

T. <u>New Accounting Pronouncements</u>

During the current fiscal year, the Authority implemented GASB Statement No 72, *Fair Value Measurement and Application* and GASB Statement No 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. These new accounting pronouncements did not have a material effect on the Authority's financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement will have a similar requirement for OPEB as the GASB Statement No. 68 had for pension plans. Beginning in 2018, government agencies will be required to record OPEB liability in a fashion similar to the recognition of the net pension liability required of GASB Statement No. 68. GASB Statement No. 75 replaces GASB Statement No. 45. Management anticipates that the full implementation of this Statement will have a material impact on the financial statements beginning with the fiscal year ended March 31, 2018.

Note 2 - CASH AND INVESTMENT

Cash and investments as of March 31, 2017 are classified in the accompanying financial statement as follows:

Statement of net position:	
Cash and investments	$ 7,565,319
Restricted cash	1,344,572
Total Cash & Investments	$ 8,909,891
Demand deposits	$ 2,569,304
Investments	5,747,409
Cash held by other agencies	591,228
Cash on hand	1,950
Total Cash & Investments	$ 8,909,891

Investments Authorized by the Authority's Investment Policy

Investments authorized by the Authority are empowered by the HUD Notice 99-48 and its own investment policy to invest HUD funds in the following:

- United States Treasury Bills, Notes and Bonds;
- Obligations issued by Agencies or Instrumentalities of the U.S. Government;
- State or Municipal Depository Funds, such as the Local Agency Investment Fund (LAIF) or pooled cash investment funds managed by County treasurers;
- Insured Demand and Savings Deposits, provided that deposits in excess of the insured amounts must be 100% collateralized by federal securities;

(Continued)

Note 2 (continued)

- Insured Money Market Deposit Accounts;
- Insured SUPER NOW accounts, provided that deposits in excess of the insured amount must be 100% collateralized by federal securities;
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations, limited to no more than 30% of surplus funds;
- Repurchase/Reverse Repurchase Agreements of any securities authorized by this section; securities purchased under purchase agreements shall be no less than 102% of market value;
- Sweep Accounts that are 100% collateralized by federal securities;
- Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (Money Market Mutual Funds); Funds must carry the highest rating of at least two national rating agencies and are limited to not more than 20% of surplus funds;
- Funds held under the terms of a Trust Indenture or other contract or agreement including the HUD/PHA Annual Contributions Contract, may be invested according to the provisions of those indentures or contracts; and
- Any other investment security authorized under the provisions of HUD Notice PIH 97-41.

The Authority is empowered by the California Government Code (CGC) Sections 5922 and 53601 et seq and its own investment policy to invest non-HUD funds in the following:

- Bonds issued by the local entity with a maximum maturity of five years;
- United States Treasury Bills, Notes and Bonds;
- Registered state warrants or treasury notes or bonds issued by the State of California;
- Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurer, other local agencies or Joint Powers Agencies;
- Obligations issued by Agencies or Instrumentalities of the U.S. Government;
- Bankers Acceptances with a term not to exceed 270 days, limited to 40% of surplus funds; no more than 30% of surplus funds can be invested in Bankers Acceptances of any single commercial bank;
- Prime Commercial Paper with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service or Standard & Poor's Corp., limited to 15% of surplus funds; provided that if the average total maturity of all commercial papers does not exceed 31 days up to 30% of surplus funds can be invested in commercial papers.
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations, limited to not more than 30% of surplus funds;
- Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section, securities purchased under these agreements shall be no less than 102% of market value. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- Medium term notes (not to exceed two years) of U.S. corporations rated "AAA" or better by Moody's or Standard & Poor's limited to not more than 30% of surplus funds;

Note 2 (continued)

- Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (Money Market Mutual Funds), limited to not more than 15% of surplus funds;
- Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements;
- Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations;
- Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment least-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years, securities in this category must be rated AA or better by a national rating service and are limited to not more than 30% of surplus funds;
- Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

Disclosure Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market rates. See the table shown later in this note titled "Investment Disclosure" for the maturity dates for each of the Authority's investments.

Disclosures related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See the table shown later in this note titled "Investment Disclosure" for the ratings assigned to the issuer for each of the Authority's investments.

Concentration of Credit Risk

See the table shown later in this note titled "Investment Disclosure" to determine how the Authority's investments are concentrated. These investments are owned by the following programs:

Public Housing Program	$ 2,022,190	35.19%
Housing Choice Voucher Program	1,532,522	26.66%
Other State and Local Programs	1,548,065	26.94%
Central Office Cost Center	380,711	6.62%
Rental Rehabilitation Loan Program	150,861	2.62%
Casa Del Rio (blended component unit)	113,060	1.97%
Total investments	$ 5,747,409	

Note 2 (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires California banks and savings and loan associations to secure the Authority's deposits not covered by federal deposit insurance by pledging mortgages or government securities as collateral. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Such collateral must be held in the pledging bank's trust department in a separate depository in an account for the Authority.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (broker-dealer, etc) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The Authority has executed a "General Depository Agreement" with WestAmerica Bank dated October 24, 2005. This agreement states that "any portion of PHA funds not insured by a Federal insurance organization shall be fully (100%) and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD."

The Authority's exposure to custodial credit risk is as follows:

Demand deposits with banks, fully insured by FDIC	$ 250,000
Demand deposits with banks covered by depository agreements	2,292,826
Cash held by investment companies	26,478
Deposits held by CHFA	591,228
Total demand deposits and cash held by other agencies	$ 3,160,532

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2017

(Continued)

Note 2 (continued)

See the table below for information regarding the investments.

Investment Disclosure - March 31, 2017

Investment Type	Issuer	Book Value	Market Value	Maturity	Rate
Government Security	LAIF	$ 591,940	$ 591,452	N/A	
	Interest on LAIF	1,972	1,972	N/A	
Certif. Of Deposit	Goldman Sachs Bank	149,000	150,861	7/8/2020	297
Certif. Of Deposit	Capital One Bank	247,000	250,068	7/22/2020	300
Certif. Of Deposit	Everbank	247,000	248,470	7/30/2020	214
Certif. Of Deposit	CIT Bank	105,000	106,469	7/30/2020	238
Certif. Of Deposit	CIT Bank	110,000	111,539	7/30/2020	238
Certif. Of Deposit	Worlds Foremost Bank	100,000	101,552	8/20/2020	242
Certif. Of Deposit	Discover Bank	135,000	137,311	8/26/2020	300
Certif. Of Deposit	American Express Cent	175,000	176,986	11/25/2020	300
Certif. Of Deposit	Sallie Mae Bank	100,000	101,124	12/9/2020	300
Certif. Of Deposit	Sallie Mae Bank	100,000	101,124	12/9/2020	300
Certif. Of Deposit	Celtic Bank, UT	100,000	99,495	12/24/2020	300
Certif. Of Deposit	Goldman Sachs Bank	100,000	101,309	1/6/2021	295
Certif. Of Deposit	Community Capital Bank	100,000	101,646	1/19/2021	300
Certif. Of Deposit	Community Capital Bank	100,000	100,297	2/22/2021	300
Certif. Of Deposit	BMW Bank of No. America	97,000	97,096	2/22/2021	300
Certif. Of Deposit	BMW Bank of No. America	150,000	150,149	2/26/2021	300
Certif. Of Deposit	Private Bank & Trust	125,000	123,059	5/26/2021	300
Certif. Of Deposit	HSBC Bank USA	100,000	98,394	6/10/2021	197
Certif. Of Deposit	Wells Fargo Bank	100,000	98,356	6/17/2021	294
Certif. Of Deposit	JP Morgan Chase	100,000	97,506	8/16/2021	300
Certif. Of Deposit	Wells Fargo Bank	145,000	141,295	8/17/2021	294
Certif. Of Deposit	Sychrony Bank	122,000	118,442	10/21/2017	300
Certif. Of Deposit	State Bank of India	115,000	111,650	10/27/2021	150
Certif. Of Deposit	Bank of Baroda	150,000	148,031	11/23/2021	150
Certif. Of Deposit	Capital One Bank	120,000	119,214	11/23/2021	300
Certif. Of Deposit	Capital One Bank	100,000	99,345	11/23/2021	300
Certif. Of Deposit	Discover Bank	105,000	105,274	1/11/2022	300
Certif. Of Deposit	Sychrony Bank	100,000	100,321	2/24/2022	300
Certif. Of Deposit	HSBC Bank USA	100,000	100,934	3/21/2011	197
Gov't Agency	Fannie Mae	150,000	150,276	1/21/2020	AAA
Gov't Agency	Federal Home Loan Mtg Corp	125,000	124,010	5/1/2020	AAA
Gov't Agency	Federal Home Loan Mtg Corp	210,000	210,837	12/11/2020	AAA
Gov't Agency	Fannie Mac	100,000	99,959	1/7/2021	AAA
Gov't Agency	Federal Home Loan Mtg Corp	510,000	492,476	8/12/2021	AAA
Gov't Agency	Fannie Mae	155,000	150,552	8/17/2021	AAA
Gov't Agency	Federal Home Loan Mtg Corp	110,000	110,129	12/11/2020	AAA
Gov't Agency	Federal Farm Credit Bank	105,000	104,881	2/3/2022	AAA
Certif. Of Deposit	Goldman Sachs Bank	110,505	113,060	6/16/2021	295
Total Investments		$ 5,766,417	5,746,921		
Investments reported above market value			488		
Total Investments reported			$ 5,747,409		

(Continued)

Note 2 (continued)

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The hierarchy for the Authority's investments are considered Level 2, except for the LAIF investments which are not subject to fair value hierarchy.

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each government agency may invest up to $30,000,000 in each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

At March 31, 2017, an account was maintained in the name of the Housing Authority of the County of Contra Costa for $591,940. The total cost value of investment in LAIF was $591,940. The total fair value of investments in LAIF was $591,452. The fair value total includes an unrealized loss on investments of $488. The unrealized loss was based on a fair value adjustment factor of 0.999175951 that was calculated by the State of California Treasurer's Office. The unrealized loss was not recorded by the Authority and is considered immaterial. Of the $591,940 invested in LAIF, $593,912 is recorded as assets of the Authority. The difference includes $1,972 of interest receivable from LAIF as of March 31, 2017, shown by the Authority as investments.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At March 31, 2017, the fair value of the State of California Pooled Money Investment Account (PMIA), including accrued interest, was $71,933,590,418. The PMIA portfolio had securities in the form of structured notes totaling $350 million and asset-backed securities totaling $1,260,286,000. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Boards on an annual basis. LAIF's and the Authority's exposure to credit, market, or legal risk is not available.

During 2002, California Government code was added to the LAIF's enabling legislation stating that "the right of a city, county...special district...to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year." In addition, it has been determined that the State of California cannot declare bankruptcy under Federal regulations. This allows other government code stating that "money placed with the State Treasurer for deposit in the LAIF shall not be subject to ...transfer or loan...or impound or seizure by any state official or state agency" to stand.

(Continued)

Note 3 - RESTRICTED CASH

Restricted cash consists of funds for replacement and operating reserves required by the lender and funds being held by the Authority on behalf of its clients. The balances are as follows:

Tenant security deposits - Public Housing	$ 324,735
Family Self Sufficiency Program participant's escrow funds	417,736
Blended component unit - Casa Del Rio:	
Funds held by CHFA:	
Replacement reserve	341,290
Operating reserve	229,608
Hazard and earthquake insurance impounds	20,330
Tenant security deposits	10,873
Total restricted cash	$ 1,344,572

The funds held by the California Housing Finance Agency (CHFA) can only be used for major repairs or insurance, upon receipt of prior written approval from CHFA. These amounts are also reported as restricted net position (see also Note 10).

The amounts held by the Authorities for program participants of the FSS program and for tenant security deposits are reported as payable from restricted assets.

Please see the prior note to determine interest rates and credit risks for the above restricted cash.

Note 4 - NOTES RECEIVABLE

A schedule of changes in notes receivable is as follows:

	Balance 3/31/16	Loans Issued	Loans Repaid	Balance 3/31/17	Long-term Portion	Short-term Portion
CDBG Loan Program	$ 322,436	$ -	$ -	$ 322,436	$ 322,436	$ -
Rental Rehab. Program	54,030	-	-	54,030	54,030	-
Employee computer loans	13,576	760	(9,302)	5,034	-	5,034
DeAnza Gardens LP	1,000,000	-	-	1,000,000	1,000,000	-
	1,390,042	760	(9,302)	1,381,500	1,376,466	5,034
Interfund:						
CDR from mgmt fund	185,000	-	-	185,000	185,000	-
Totals	$ 1,575,042	$ 760	$ (9,302)	$ 1,566,500	$ 1,561,466	$ 5,034

Interest on these loans is a follows:

	Balance 3/31/16	Interest Accrued	Interest Repaid	Balance 3/31/17	Long-term Portion	Short-term Portion
CDBG Loan Program	$ 80,325	$ 9,254	$ -	$ 89,579	$ 89,579	$ -
Rental Rehab. Program	14,151	1,620	-	15,771	15,771	-
DeAnza Gardens LP	450,107	30,000	-	480,107	480,107	-
Totals	$ 544,583	$ 40,874	$	$ 585,457	$ 585,457	$ -

Note 4 (continued)

The Authority has made deferred payment loans to individuals and organizations under the County's Community Development Block Grant (CDBG) and Rental Rehabilitation (RR) Programs. These loans are secured by deeds of trust in the name of the County of Contra Costa or the City of Antioch. These programs are revolving loan programs administered by the Authority. Any repayments of outstanding loans, or interest on the loans, must be used for new loans or program administration as authorized by the County or the City of Antioch. These loans typically earn 3% interest per annum. These notes receivable, along with all of the accrued interest, are offset by an equal amount shown in other noncurrent liabilities (See Note 9).

The Authority administers an employee loan program whereby employees can borrow funds for the purpose of purchasing a computer to be used at home. These loans accrue no interest. Payments are made through the payroll system.

Pursuant to a demand note dated June 30, 1994, the Authority may be liable to HACCC Casa Del Rio, Inc for $185,000. Although the note is due upon demand, the maturity date is December 31, 2059. The note will be called prior to maturity only in the event that there are operating deficits and there is insufficient cash available to cover expenses.

The Authority has also issued a note to the DeAnza Gardens, L.P., which is a discretely presented component unit of the Authority (see Note 1.B.). The note bears simple interest at the rate 3% per annum, payments are due commencing on October 1, 2005, but are payable only to the extent of the previous years' excess/distributable cash, and is due June 2043. No payments, of interest or principal, have been received on this loan.

Not shown on the previous schedule, the DeAnza Housing Corporation issued a note in the amount of $1,000,000 bearing simple interest at 6.8%, to be paid in full June 2043. This second note is an intra-fund transaction. DeAnza Gardens L.P. owes the DeAnza Housing Corporation. This loan has been eliminated from the discretely presented component unit column of the Statement of Net Position. Since this loan does not effect the Authority, it is not shown in the table on the prior page.

(Continued)

Note 5 - CAPITAL ASSETS

Capital asset activity for the year ending March 31, 2017.

	March 31, 2016	Additions	Transfers	Deletions	March 31, 2017
Capital assets, not being depreciated:					
Land	$ 1,825,993	$ -	$ -	$ -	$ 1,825,993
Construction in progress	204,707	881,902	(758,579)	-	328,030
Total	2,030,700	881,902	(758,579)	-	2,154,023
Capital assets depreciated:					
Buildings and improvements	97,860,387	-	758,579	-	98,618,966
Equipment	2,621,168	343,580	-	(93,049)	2,871,699
Total capital assets being depreciated	100,481,555	343,580	758,579	(93,049)	101,490,665
Total capital assets	102,512,255	1,225,482	-	(93,049)	103,644,688
Accumulated depreciation:					
Buildings and improvements	(87,655,376)	(1,598,850)	-	-	(89,254,226)
Equipment	(2,422,975)	(156,101)	-	93,049	(2,486,027)
Total accumulated depreciation	(90,078,351)	(1,754,951)	-	93,049	(91,740,253)
Total capital assets depreciated, net	10,403,204	(1,411,371)	758,579	-	9,750,412
Total capital assets, net	$ 12,433,904	$ (529,469)	$ -	$ -	$ 11,904,435

The changes by project are as follows:

	March 31, 2016	Additions	Transfers	Deletions	March 31, 2017
TOTAL CAPITAL ASSETS:					
Public Housing	$ 90,785,573	$ 1,061,449	$ -	$ (16,826)	$ 91,830,196
Housing Choice Voucher	4,199,364	164,033	-	(35,522)	4,327,875
Section 8 Moderate Rehab	168,778	-	-	(40,701)	128,077
CDBG Loan	3,937	-	-	-	3,937
Management Fund	75,115	-	-	-	75,115
Central Office Cost Center	170,999	-	-	-	170,999
Blended Component Units:					
Casa Del Rio	7,108,489	-	-	-	7,108,489
Total capital assets	102,512,255	1,225,482	-	(93,049)	103,644,688

(Continued)

Note 5 (continued)

	March 31, 2016	Additions	Transfers	Deletions	March 31, 2017
DEPRECIATION:					
Public Housing	(83,992,203)	(1,391,337)	-	16,826	(85,366,714)
Housing Choice Voucher	(1,868,226)	(177,332)	-	35,522	(2,010,036)
Section 8 Moderate Rehab	(168,778)	-	-	40,701	(128,077)
CDBG Loan	(3,929)	(8)	-	-	(3,937)
Management Fund	(75,114)	-	-	-	(75,114)
Central Office Cost Center	(148,497)	(7,166)	-	-	(155,663)
Blended Component Units:					
Casa Del Rio	(3,821,604)	(179,108)	-	-	(4,000,712)
Total depreciation	(90,078,351)	(1,754,951)	-	93,049	(91,740,253)
Net	$ 12,433,904	$ (529,469)	$ -	$ -	$ 11,904,435

Note 6 - LONG TERM DEBT

The following is a schedule of the changes in long-term debt for the current fiscal year:

	Balance 3/31/2016	Loans Issued	Payments	Balance 3/31/2017	Short-term Portion	Long-term Portion	Interest Payable
Energy equipment lease	$ 81,478	$ -	$ (81,478)	$ -	$ -	$ -	$ -
Office building mortgage	2,274,875	-	(188,526)	2,086,349	198,008	1,888,341	-
Blended component units:							
Casa Del Rio:							
CHFA	334,423	-	(26,687)	307,736	28,843	278,893	-
RHCP	2,626,618	-	-	2,626,618	-	2,626,618	1,803,890
	5,317,394	-	(296,691)	5,020,703	226,851	4,793,852	1,803,890
Loan costs				(24,820)		(24,820)	
Totals	$ 5,317,394	$ -	$ (296,691)	$ 4,995,883	$ 226,851	$ 4,769,032	$ 1,803,890
Interfund:							
Mgmt Fund to CDR	$ 185,000	$ -	$ -	$ 185,000	$ -	$ 185,000	$ -

Following is a schedule of debt payment requirements to maturity for the mortgages noted above that require payments:

	Office Building		CHFA		
Year ending	Principal	Interest	Principal	Interest	Total
2018	$ 198,008	$ 98,211	$ 28,843	$ 22,987	$ 348,049
2019	207,967	88,252	31,175	20,655	348,049
2020	218,228	77,991	33,696	18,134	348,049
2021	229,404	66,815	36,420	15,410	348,049
2022	240,942	55,277	39,366	12,464	348,049
2023-2026	991,800	94,336	138,236	17,259	1,241,631
	$ 2,086,349	$ 480,882	$ 307,736	$ 106,909	$ 2,981,876

(Continued)

Note 6 (continued)

The energy equipment lease with WestAmerica Bank was paid off July 14, 2017. Interest in the amount of $2,666 was paid and expensed during the fiscal year ended March 31, 2017.

During December 2006, the Authority purchased an office building to house the staff of their Housing Choice Voucher Program. To facilitate this purchase, the Authority borrowed $2,847,500 from WestAmerica Bank on December 15, 2006. Originally, the interest on this loan was 6.75% per annum. The interest rate decreased to 6% in 2012 and 5.25% in 2013. On November 1, 2015, the terms of the loan agreement with WestAmerica Bank were changed. As of November 1, 2015, the $2,335,903 loan will be amortized over 120 months, is due November 1, 2025, requires monthly payments of $24,685, and accrues interest at a fixed rate of 4.850% per annum. Interest of $107,694 and loan fees of $2,850 were paid to WestAmerica Bank and expensed during the fiscal year ended March 31, 2017.

The California Housing Finance Agency note, received through the State of California, is dated November 14, 1994. The original amount borrowed was $600,000. The loan carries a simple interest rate of 7.8% per annum. Principal and interest are payable in monthly installments of $4,319. The note is due in full December 2024. Interest in the amount of $25,144 was paid and expensed during the calendar year ended December 31, 2016.

The Rental Housing Construction Program note, received through the State of California, is dated January 15, 1993. The original amount borrowed was $2,626,618. The loan accrues interest at a rate of 3% per annum. Payments are required on this loan only to the extent that the Casa Del Rio project has surplus cash. This note and interest on the note are due June 5, 2054. No principal or interest payments were made on this loan during the year ended December 31, 2016. Interest was expensed in the amount of $78,787. The amount of deferred interest accrued as payable as of the end of the fiscal year was $1,803,890. The entire amount is considered to be long-term and is shown as other noncurrent liabilities. See also Note 9.

Costs incurred in order to obtain permanent financing for the Casa Del Rio notes were $94,143 and are amortized on a straight-line basis into interest expense over the term of the loan. Interest expense amortization of permanent loan costs was $3,144 during the current fiscal year. In prior years the permanent loan costs, net of amortization were reported as other non-current assets. As the result of new accounting guidance, the permanent loan costs, net of amortization, are now reported as a reduction to long-term debt and the amortization reported as interest expense. This change in accounting policy had no effect on net position and therefore, is not reported as a prior period adjustment.

Pursuant to a demand note dated June 30, 1994, the Authority may be liable to HACCC Casa Del Rio, Inc for $185,000. Although the note is due upon demand, the maturity date is December 31, 2059. The note will be called prior to maturity only in the event that there are operating deficits and there is insufficient cash available to cover expenses.

(Continued)

Note 7 - PAYMENT IN LIEU OF TAXES

In connection with the Public Housing Program, the Authority is obligated to make annual payments in lieu of property taxes based on the lesser of 25% of the assessable value of owned housing, times the current tax rate; or 10% of the dwelling rents, net of utilities expense. At March 31, 2017, $92,758 was expensed for payment in lieu of taxes. Approximately 75% is payable as of March 31, 2017 and is shown as *Due to Other Agencies*.

Note 8 - UNEARNED REVENUE

Unearned revenue consists of:

Revolving loan funds held for future expenditures		$ 187,760
Prepaid rent - Public Housing	$ 20,165	
Casa Del Rio	1,648	21,813
Prepaid portability payments received from other agencies - Housing Choice Voucher		60,669
		$ 270,242

Note 9 - OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities consist of:

Loan liability:		
CDBG:		
Notes receivable (See also Note 4)	$ 322,436	
Interest on notes receivable (See also Note 4)	89,579	$ 412,015
Rental Rehabilitation:		
Notes receivable (See also Note 4)	54,030	
Interest on notes receivable (See also Note 4)	15,771	69,801
Housing Choice Voucher Program		
Insurance reserves		59,130
Long term portion of the interest payable on the RHCP loan - a liability of the blended component unit, Casa Del Rio (See also Note 6)		1,803,890
		$ 2,344,836

Note 10 - NET POSITION

A. Net investment in capital assets

Net investment in capital assets consists of the following:

Capital assets, net of depreciation (see Note 5)	$	11,904,435
Long term debt (omitting interfund balances) (see Note 6)		(4,995,883)
Accrued interest on long term debt (see Note 6 & 9)		(1,803,890)
Net investment in capital assets	$	5,104,662

B. Restricted Net Position

Net position is reported as restricted when constraints placed on the net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

In 2012, HUD implemented cash management procedures which mitigated the accumulation of excess HAP in Net Restricted Asset accounts by PHAs. These procedures based the payment of HAP on actual need reported by PHAs in the Voucher Management System (VMS). Most excess allocation is now held by HUD until PHAs demonstrate the need for the disbursement of funds. The balance in the HUD held reserves as of March 31, 2017 was approximately $5 million. The Authority held no excess HAP funds as of March 31, 2017.

The restricted net position of $591,228 is associated with the Casa Del Rio Senior Housing and represents replacement and operating reserves required by CHFA. These funds are being held by CHFA and are fully funded. See also Note 3.

C. Deficit Unrestricted Net Position

The Authority's Other State and Local Enterprise Fund had a deficit unrestricted net position balance as of March 31, 2017, of $5,726,296. This deficit is the result of the Authority's compliance with GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27*. The Authority's Other State and Local Enterprise Fund holds the deferred outflows of resources, deferred inflows of resources, and the net pension liability of the Authority's retirement plan. These balances change annually as payments are made to the plan and as actuarial information is received regarding the plan.

The Authority's blended component unit, Casa Del Rio, Inc had a deficit unrestricted net position of $122,484. This is an increase to the deficit of $100,583 over the prior year.

Note 11 - RETIREMENT PLAN

A. Plan Description

The Authority participates in a cost-sharing multiple-employer defined benefit retirement plan that is administered by the Contra Costa County Employees' Retirement Association (CCCERA) under the County's Employee's Retirement Law of 1937 (1937 Act) and the Public Employee's Pension Act of 2013 (PEPRA). A more detailed description of the plan and the benefits provided can be obtained from the CCCERA's Comprehensive Annual Financial Report and the CCCERA's Actuarial Valuation and Review, which are located at www.cccera.org. CCCERA is a component unit of the County of Contra Costa.

CCCERA follows accounting principles and reporting guidelines set forth by GASB. The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Contributions are recognized in the period due, investment income is recognized as revenue when earned, retirement benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the Plan. Investments are carried at fair value. There have been no significant changes to the plan.

B. Benefits Provided

All full-time employees of the Authority participate in this plan. There are currently 87 active plan members and 68 retirees or beneficiaries receiving benefits. The plan provides death, disability and service retirement benefits, in accordance with the 1937 ACT. Annual cost-of-living adjustments (COLA) to retirement benefits can be granted by the Retirement Board as provided by State statutes. The Authority has two applicable tiers, Tier 1 Enhanced and PEPRA Tier IV (3% Max COLA).

Tier 1 Enhanced employees are those with a membership prior to January 1, 2013. These members are eligible to retire once they attain the age of 70 regardless of service or at age 50, with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. Benefits are calculated pursuant to Section 31676.16 for Enhanced Benefit Formulae. The monthly allowance is 1/50th (Enhanced) of final compensation times years of accrued retirement service credit times age factor from Section 31676.16 (Enhanced). The maximum retirement benefit is 100% of final compensation. Final average compensation consists of the highest 12 consecutive months.

PEPRA Tier IV employees are those with a membership on or after January 1, 2013. These members are eligible to retire once they have attained the age of 70 regardless of service or at 52, with five years of retirement service credits. Benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit

Note 11 (continued)

multiplied by the age factor from Section 7522.20(a). There is no final compensation limit in the maximum retirement benefit for this tier. Final average compensation consist of the highest 36 consecutive months.

C. Contributions

The Authority contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from the CCCERA actuary after the completion of the annual actuarial valuation. Contribution rates for Tier 1 vary based on the employee's age at entry into the plan. Members are required to make contributions to CCCERA regardless of the retirement plan or tier in which they are included. The rates and contributions made during the fiscal year ended March 31, 2017 were as follows:

Tier	Payroll Subject to Contribution	Employer Contribution	as a % of Contribution	Employee Contribution	as a % of Contribution
Classic (tier 1)	$ 4,065,210	$ 1,880,899	46.27%	$ 303,225	7.45%
PEPRA	1,274,650	498,624	39.12%	76,881	6.03%
Total	$ 5,339,860	$ 2,379,523	44.56%	$ 380,106	7.12%

The contributions made by the Authority of $2,379,523, including $179,834 employer subvention of member contributions. As of March 31, 2017, the Authority owed CCCERA $235,882. This liability is short-term, represents March contributions paid in April 2017, and is reported as "due to other agencies" in the Statement of Net Position - Proprietary Funds.

D. Net Pension Liability

The *Governmental Accounting Standards 68 Actuarial Valuation Based on December 31, 2016 Measurement Date for Employer Reporting as of June 30, 2017*, provided by CCCERA outlines the net pension liability (NPL) allocated to its member employers as based on the following definition of covered payroll - "Only compensation earnable and pensionable would go into the determination of retirement benefits". The NPL was measured as of December 31, 2016 and 2015. The Plan's Fiduciary Net Position was valued as of the measurement date while the TPL was determined based upon rolling forwards the TPL from the actuarial valuations as of December 31, 2015 and 2014, respectively. The components of NPL for CCCERA, as a whole, are as follows:

Reporting Date for employer under GASB 68	6/30/2017	6/30/2016
Measurement Date for Employer under GASB 68	12/31/2016	12/31/2015
Total Pension Liability (TPL)	$ 8,838,974,427	$ 8,483,709,568
Plan's Fiduciary Net Position	(7,438,519,504)	(6,976,582,428)
Net Pension Liability (NPL)	$ 1,400,454,923	$ 1,507,127,140
Plan's Fiduciary Net Position as a % of TPL	84.16%	82.24%

(Continued)

Note 11 (continued)

The Plan provisions used in the measurement of the NPL as of December 31, 2016 and 2015 are the same as those used in the CCCERA funding valuations as of December 31, 2016 and 2015, respectively. The NPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Post Retirement Death Benefit Reserve.

The most recent Actuarial Report available from CCCERA had a valuation date of December 31, 2016. The December 31, 2016 CCCERA Actuarial Report reflects the following changes to the Authority's NPL balances:

Reporting Date for employer under GASB 68	6/30/2017	6/30/2016
Measurement Date for Employer under GASB 68	12/31/2016	12/31/2015
NPL as the beginning of the measurement period	$ 10,788,391	$ 8,652,807
Pension Expense	1,879,712	1,712,545
Employer Contributions (1)	(2,179,232)	(2,329,742)
Estimated Net Deferred Inflows/Outflows of Resources	(152,748)	2,501,164
Change in Allocation of Prior Deferred Inflows/Outflows	33,313	12,100
New Net Deferred Flows Due to Changes in Proportion (2)	92,240	(72,664)
Recognition of Prior Deferred Inflows/Outflows of Resources	(328,939)	304,957
Recognition of Prior Deferred Flows Due to Change in Proportion (2)	27,867	7,224
NPL as of the end of the measurement period	$ 10,162,604	$ 10,788,391

(1) Excludes "employer subvention of member contributions". Prior to June 30, 2017 reporting date the contributions included "employer subvention of member contributions".
(2) Includes differences between employer contributions and proportionate share of contributions.

The Authority's proportionate share of CCCERA's NPL was 0.726% as of December 31, 2016 and 0.716% as of December 31, 2015. This is an increase to the Authority's proportionate share of 0.01%.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability as of December 31, 2015 calculated using the discount rate of 7.00%, as well as what the NPL liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate:

	1% decrease 6.00%	Current rate 7.00%	1% increase 8.00%
Housing Authority NPL	$ 18,242,466	$ 10,162,604	$ 3,579,862
CCCERA NPL in total	$ 2,611,814,062	$ 1,400,454,923	$ 413,397,900
Authority NPL as a % of CCCERA	0.698%	0.726%	0.866%

(Continued)

Note 11 (continued)

E. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits as follows:

	12/31/2016	12/31/2015
Service Cost	$ 1,481,084	$ 1,380,994
Interest on total pension liability	4,325,468	4,168,551
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	25,837	(20,643)
Expensed portion of current-period difference between expected and actual experience in the TPL	(31,910)	(98,375)
Expensed portion of current-period changes of assumptions or other inputs	-	114,320
Member contributions	(648,763)	(611,033)
Projected earnings on plan investments	(3,560,149)	(3,583,223)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(9,707)	611,259
Administrative expense	62,010	58,092
Other expenses	(65,230)	4,784
Recognition of beginning of year deferred outflows of resources as pension expense	740,646	-
Recognition of beginning of year deferred inflows of resources as pension expense	(411,707)	(304,957)
Net amortization of deferred amounts from changes in proportion and differences between employer's contribution and proportionate share of contributions	(27,867)	(7,224)
Pension expense - measurement date 12/31	$ 1,879,712	$ 1,712,545

Deferred outflows and inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner, In addition, deferred outflows of resources include employer contributions to the pension plan made subsequent to the measurement date, as follows:

	Deferred Outflows	Deferred Inflows
Changes in proportion and differences between employer's contribution and proportionate share of contribution	$ 92,240	$ 63,580
Changes in assumptions or other input	294,069	192
Net excess of projected over actual earnings on pension plan investments	1,793,985	-
Difference between expected and actual experience in the TPL	-	833,610
Balances per actuarial report - measurement date 12/31/2016	2,180,294	897,382
Employer contributions made January thru March 2017	730,513	-
Balances reported March 31, 2017	$ 2,910,807	$ 897,382

Note 11 (continued)

Deferred outflows and inflows of resources, other than the employer contributions noted above, will be recognized in future pension expense as follows:

Measurement period:		
2017	$	285,291
2018		404,887
2019		605,900
2020		(13,166)

The amount reported as deferred outflows of resources related to employer contributions made January through March 2017, should have the effect of reducing net pension liability during the next actuarial measurement period. The Authority has reported deferred outflows and inflows of resources in the aggregate on the Statement of Net Position.

F. Actuarial Assumptions

The total pension liability (TPL) as of December 31, 2016, and December 31, 2015 were determined by actuarial valuations as of December 31, 2015 and December 31, 2014, respectively. The actuarial assumptions used were based on the results of an experience study for the period January 1, 2012 through December 31, 2014. They are the same as the assumptions used in the CCCERA funding valuations as of December 31, 2016 and 2015. The following actuarial assumptions were applied to all periods included in the measurement for both the December 31, 2016 and 2015 actuarial valuations.

Valuation Date	12/31/2016	12/31/2015
Inflation	2.75%	2.75%
Salary increases - general	4.0% to 13.25%	4.0% to 13.25%
Investment rate of return	7.00%	7.00%
Administrative expenses	1.12%	1.14%
Cost of living adjustment	2.75%	2.75%

When measuring pension liability GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as CCCERA uses for funding. This means that the TPL measured for financial reporting shown in this report is determined on generally the same basis as CCCERA’s actuarial accrued liability (AAL) measure for funding.

Mortality rates for member contribution rates for members were based on the RP-2014 Healthy Annuitant Mortality Table projected to 2034 with the two-dimensional MP-2015 projection scale, weighted 30% male and 70% female.

Note 11 (continued)

The long-term expected rate of return on pension plan investments determined in 2016 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin.

The target allocation (approved by the CCCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expensed, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate
Large Cap U.S. Equity	6.0%	5.75%
Developed International Equity	10.0	6.99
Emerging Markets Equity	14.0	8.95
Short-term Gov't/Credit	24.0	0.20
U. S. Treasury	2.0	0.30
Real Estate	7.0	4.45
Risk Diversifying	2.0	4.30
Private Credit	17.0	6.30
Private Equity	17.0	8.10
Cash and Equivalents	1.0	-0.46
Total	100.0%	

The discount rate used to measure the TPL was 7% as of both December 31, 2016 and December 31, 2015. The projection of cash flows used to determine the discount rate assumed employer and employee contributions will be made at the rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions for future plan members, are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2016 and 2015.

(Continued)

Note 12 - POST EMPLOYMENT HEALTHCARE PLAN

Plan Description: Contra Costa County Housing Authority (CCCHA) provides a defined benefit health care program to its retired employees and their dependents. Benefits include coverage in the health and dental plans administered by CCCHA. Benefit provisions are established and amended through negotiations between CCCHA and the respective unions and employee groups. Current maximum monthly contribution toward the cost of medical and dental coverage ranges from $345 to $980. CCCHA does not issue a publicly available financial report for the retiree health care program.

Eligibility: CCCHA retirees are eligible for membership in the plans upon retirement (drawing a pension from Contra Costa County Employee Retirement Association (CCCERA) or CalPers). No provision currently exists for members in deferred retirement status.

Retirees and beneficiaries receiving benefits	68
Active plan members	87
Total	155

Funding Policy: The contribution requirements of program members and CCCHA are determined by negotiations between CCCHA and the respective unions and employee groups. There is currently no requirement for employees to contribute to the plan.

In 2016, CCCHA established a trust account with the Public Agency Retirement Services (PARS) to administer the funding of the projected benefits of the OPEB plan. Monthly, CCCHA makes healthcare premium payments for its current retirees to the benefit providers. The retiree contributes any necessary amount of the premium cost that exceeds the specific established plan limits. CCCHA then makes deposits into their PARS trust account for the difference between the actuarially determined annual OPEB cost and the out-of-pocket payments made to the healthcare benefit providers.

Annual Other Post Employment Benefit (OPEB) Cost and Net OPEB Obligation: The CCCHA's annual OPEB costs (expense) are calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Interest on net OPEB obligation is based on the actuarial interest rate of 7.39% and is computed on the Net OPEB obligation. The adjustment to the ARC is intended to provide a reasonable approximation of that portion of the ARC that consists of interest associated with past contribution deficiencies. GASB 45 specifies that this adjustment should be equal to an amortization of the discounted present value of the net OPEB obligation at the beginning of the

(Continued)

Note 12 (continued)

year. The amortization is calculated using the same amortization method and period used in determining the ARC for that year.

The most current actuarial report, performed by Nicolay Consulting, is dated June 24, 2016, with a valuation date of April 1, 2016. The prior report, performed by the same firm, had a valuation date of April 1, 2014. The following table shows the components of the CCCHA's annual OPEB cost, based on these actuarial reports, for the past three years; the amounts actually contributed to the plan; and changes in the CCCHA's net OPEB obligation.

	3/31/2017	3/31/2016	3/31/2015
Present Value of Future Benefits	$ 6,774,936	$ 6,774,936	$ 6,175,797
Actuarial Accrued Liability (AAL)	$ 5,660,949	$ 5,660,949	$ 5,016,892
Normal costs	$ 194,143	$ 183,002	$ 183,002
Amortization of unfunded AAL	331,955	197,344	192,785
Annual Required Contribution (ARC)	526,098	380,346	375,787
Interest on net OPEB obligation at beginning of year (7.39% /4%/4%)	177,934	95,813	91,033
ARC adjustment for current fiscal year	(143,936)	(92,045)	(87,455)
Annual OPEB Cost	560,096	384,114	379,365
Contributions made on behalf of participants	(275,316)	(263,850)	(259,871)
Deposit made to PARS trust	(95,183)	(107,802)	-
Contributions deferred	(176,971)	(12,644)	-
Increase (decrease) in net OPEB obligation	12,626	(182)	119,494
Net OPEB obligation - Beginning of year	2,395,139	2,395,321	2,275,827
Net OPEB obligation - End of year	$ 2,407,765	$ 2,395,139	$ 2,395,321

Funding Status and Funding Progress:

PARS trust balance - beginning of year	$ 107,984	$ -	$ -
Deposits made	95,183	107,802	-
Investment earning (net of expense)	12,254	182	-
PARS trust balance - end of year	$ 215,421	$ 107,984	$ -
AAL unfunded as the end of the period	$ 5,445,528	$ 5,552,965	$ 5,016,892
Annual Covered Payroll	$ 5,752,616	$ 5,150,586	$ 4,750,311
Normal Costs as a percentage of covered payroll	3.37%	3.55%	3.85%
ARC as a percentage of covered payroll	9.15%	7.38%	7.91%
Unfunded AAL as a percentage of covered payroll	94.66%	107.81%	105.61%
Percentage of ARC funded during the year	70.42%	97.71%	69.15%
Percentage of Annual OPEB costs contributed	66.15%	96.76%	68.50%
Percentage of the AAL that is funded in PARS	3.81%	1.91%	0.00%

Note 12 (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 60, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The valuation dated April 1, 2016, was completed using the Entry Age Normal Cost Method. This cost method allocates the present value of future benefits on a level basis over the earnings of each employee between the hire date and assumed retirement age. This valuation assumes a 3.25% annual rate of increase in payroll, annual health care cost trend rate assumptions ranging from 5% to 8% over the next 12 years, and is based on an open 30-year amortization of the Unfunded Actuarial Liability using the level percent of covered payroll. The valuation results were based on a 4% discount rate up until March 31, 2016, assuming that the CCCHA continues pay-as-you-go funding of its post-employment benefit program. The discount rate changed to 7.39% beginning April 1, 2016 which coincides with the Authority's decision to fund the OPEB plan. The termination and retirement rates used match those used in the 2014 CCCERA pension valuation. The mortality rates used match those used in the most recent CalPERS pension valuation. The mortality rates for each future year were determined based on a generational mortality projection using Projection Scale MP-2014. It is assumed that 90% of active employees who are currently enrolled in medical and dental coverage and retire from HACCC will elect to participate in OPEB. It is assumed that 70% of active employees who are currently enrolled in dental coverage and retire from HACCC will elect to participate in OPEB.

Future Changes: A new standard, GASB 75, will replace GASB 45 beginning April 1, 2017. This new standard will require the Authority to record the UAAL as a liability on its Statement of Net Position in a manner similar to the current requirements of GASB 68. As noted above the UAAL as of March 31, 2017 was $5,445,528. Of this amount, $2,407,765 is currently reported as a long-term liability - OPEB on the Statement of Net Position.

Note 13 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Mass Mutual Financial Group. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

A total of $3,162,466 is being held by Mass Mutual Financial Group on behalf of the Authority's employees. These funds are not recorded as assets of the Authority since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of the Authority's general creditors.

Note 14 - RELATED PARTIES

Casa Del Rio Housing - Blended Component Unit

Organization:

Casa Del Rio Housing is made up of HACCC Casa Del Rio, Inc (A California Nonprofit Public Benefit Corporation) and CDR Senior Housing Associates (A California Limited Partnership). HACCC Casa Del Rio, Inc. is the general partner of CDR Senior Housing Associates. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority. The partnership was formed in 1994 to develop and operate an 82-unit affordable housing rental complex located in Antioch, California, which is currently known as Casa Del Rio Senior Housing.

Pursuant to the Indemnification Agreement dated July 1, 1994, by and among the Authority, HACCC Casa Del Rio, Inc., CDR Senior Housing Associates, and MHIFED I Limited Partnership, the Authority could possibly be liable for unpaid taxes, interest and penalties, cost to contest, operating deficiency and expenses of enforcement as identified in the Agreement.

Pursuant to the Operating Deficit Guaranty Agreement dated July 1, 1994, by the Authority to and for the benefit of MHIFED I Limited Partnership, the Authority can possibly be liable for operating deficit and expenses of enforcement as identified in the Agreement.

Pursuant to the Indemnity Agreement, dated July 1, 1994, by the Authority to and for the benefit of CDR Senior Housing Associates and MHIFED I Limited Partnership, the Authority can possibly be liable for any costs, expenses, and liabilities arising out of claims made by FPI (FPI Real Estate Group, FPI Mortgage Co. and FPI Management, Inc.) under the Development Agreement.

(Continued)

Note 14 (continued)

Pursuant to the Demand Note dated June 30, 1994, from the Authority to HACCC Casa Del Rio, Inc., the Authority can possibly be liable to HACCC Casa Del Rio, Inc. for $185,000. Although the note is due upon demand the maturity date is December 31, 2059, the note will be called prior to maturity only in the event that there are operating deficits and there is not sufficient cash available to cover expenses. This note is recorded as both an interfund note receivable and note payable (see Notes 4 and 6).

Pursuant to the Assignment and Assumption Agreement, the Authority can possibly be liable for any and all claims relating to the Assignment and Assumption Agreement arising prior to the date of the Assignment and Assumption Agreement.

Pursuant to the Department of Housing and Community Development Rental Housing Construction Program First Amendment to the Regulatory Agreement (the "Amended HCD Agreement") dated November 14, 1994, by and among the Department of Housing and Community Development, CDR Senior Housing Associates, and the Authority; the Authority can possibly be liable for a sponsor's operating guaranty to provide sufficient staff or equipment to the general partner, as needed and remedies against sponsor for default under the Amended HCD Agreement.

Since HACCC Casa Del Rio, Inc (CDR Inc) and CDR Senior Housing Associates (CDR Associates) have the potential to impose a financial burden on the Authority, these entities have been included in the Authority's financial statements as a blended component unit. The fiscal year end of these blended component units is December 31. Audits were conducted on these entities as of December 31, 2016, by Linquist, Von Husen, & Joyce, LLP. The opinions were not modified. These audit reports may be obtained by contacting the Authority at the address on page 11. The Authority reports the balances for these blended component units as of December 31, 2016, which differs from that of the Authority's fiscal year end of March 31, 2017. The balances at each fiscal year end do not differ materially. Modification were made to the audited financial statements to conform with the reporting categories of the Authority. Specifically, net assets reported in the audit were converted to the three categories of net position in conformity with the Authority's reporting practices.

Condensed Financial Statements:

The condensed financial statements for HACCC Casa Del Rio, Inc. and subsidiary as of and for the year ended December 31, 2016, are as follows:

STATEMENT OF NET POSITION

Current assets	$ 175,328
Restricted assets	602,101
Property and equipment	3,107,777
Other non-current assets	185,000
Total assets	$ 4,070,206

(Continued)

Note 14 (continued)

STATEMENT OF NET POSITION (continued)

Current liabilities	$ 40,323
Payable from restricted assets	41,894
Long term liabilities	5,124,892
Total liabilities	5,207,109
Net investment in capital assets	(1,605,647)
Restricted net position	591,228
Unrestricted net position	(122,484)
Total net position	(1,136,903)
Total liabilities and net position	$ 4,070,206

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Rental revenue	$ 505,123
Interest and other revenue	9,073
Total revenue	514,196
Administrative expenses	200,764
Utility expenses	94,920
Maintenance expenses	162,001
General expenses	53,684
Depreciation	179,108
Total expenses	690,477
Operating income (loss)	(176,281)
Debt service interest	(107,075)
Change in net position	(283,356)
Net position at the beginning of the year - 1/1/2016	(853,547)
Net position at the end of the year - 12/31/2016	$ (1,136,903)

STATEMENT OF CASH FLOWS

Net cash provided (used) by:	
Operating activities	$ 34,326
Noncapital financing activities	33,732
Capital financing activities	(51,831)
Investing activities	5,331
Net change in cash	21,560
Cash at the beginning of the year - 1/1/2016	705,896
Cash at the end of the year - 12/31/2016	$ 727,454

Note 14 (continued)

Interfund accounting issues:

Operating advances made by the Authority were $468,522 as of March 31, 2017. The interfund balance as of December 31, 2016 was $440,311 and was reported as non-current related party payable by the other auditors. The Statement of Net Position - Proprietary Funds, reported as of March 31, 2017, shows $440,311 as both a noncurrent asset and as a noncurrent liability. The difference of $28,211, due to the timing differences of the fiscal year ends, is shown as "other" noncurrent assets.

During the fiscal year ended December 31, 2016, CDR Associates paid management fees to the Authority in the amount of $52,452. Some of the Casa Del Rio Senior Housing tenants (3 as of December 31, 2016) are also participants in the Authority's Housing Choice Voucher or Shelter Plus Care Programs. The rent for these tenants is subsidized by HUD through the Authority. During the twelve months ended March 31, 2017, the Authority's Housing Choice Voucher and Shelter Plus Care Programs paid a total of $16,338 in HAP payments to CDR Associates.

Intrafund accounting issues:

The intrafund amounts which have been eliminated as of March 31, 2017, from the Casa Del Rio Blended Component Unit Enterprise Fund for inclusion into the Fund Financial Statements include:

- $121,330 receivable/payable between CDR Inc and CDR Associates
- $1,463,867 investment in partnership recorded as an liability of CDR Inc and net position of CDR Associates.
- $15,000 managements fees reported as revenue to CDR Inc and expenses of CDR Associates.
- $13,912 interest fees reported as revenue to CDR Inc and expenses of CDR Associates.

Deficit Net Position

These blended component units combined, have a deficit net position of $1,136,903, including a deficit unrestricted net position of $122,484. This deficit is an increase over the prior year's deficit balance in total net position of $853,547.

Note 14 (continued)

DeAnza - Discretely Presented Component Units

Organization:

The discretely presented component units are DeAnza Housing Corporation (A California Nonprofit Public Benefit Corporation) and DeAnza Gardens, L.P. (A California Limited Partnership). The Authority is the General Partner and DeAnza Housing Corporation is the managing general partner of DeAnza Gardens, L.P. The partnership was formed for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family rental housing units and the provision of low-income housing through the construction, renovation, rehabilitation, operation, and leasing of an affordable housing development located in Contra Costa County, which is currently known as DeAnza Gardens.

DeAnza Housing Corporation (DeAnza Corp) and DeAnza Gardens L.P. (DeAnza L.P.) have been reported as discretely presented component units of the Authority. The fiscal year end of these discretely presented component units is December 31. Audits were conducted on these entities as of December 31, 2016, by Linquist, Von Husen, & Joyce, LLP. The opinions were not modified. These audit reports may be obtained by contacting the Authority at the address on page 11. The Authority reports the balances for these discretely presented component units as of December 31, 2016, which differs from that of the Authority's fiscal year end of March 31, 2017. The balances at each fiscal year end do not differ materially. Modifications were made to the audited financial statements to conform with the reporting categories of the Authority. Specifically, net assets reported in the audit were converted to the three categories of net position in conformity with the Authority's reporting practices.

Inter-agency accounting issues:

The amounts shown as due to related parties consist of the following:

	Primary Gov't Assets 3/31/2017	Component Unit Liabilities 12/31/2016
Due to the Authority:		
Short-term for operations	$ 69,684	$ 14,012
Long-term:		
Interest on note	$ 480,107	$ 472,607
Land lease	996,000	978,000
Long-term for operations	534,422	586,558
	$ 2,010,529	$ 2,037,165
Due to Boston Capital - long-term		$ 8,378

Note 14 (continued)

The Authority's Housing Choice Voucher Enterprise Fund loaned $1 million to DeAnza Gardens L.P. The note bears simple interest at the rate 3% per annum, payments are due commencing on October 1, 2008, but are payable only to the extent of the previous years' excess/distributable cash, and is due June 2043. Interest of $30,000 was expensed during the fiscal year ended December 31, 2016. No interest has been paid to the Authority. The Authority's Housing Choice Voucher Enterprise Fund reported $480,107 due from related parties and revenue of $30,000. See Note 4.

DeAnza Gardens was built on land owned by the Authority's Public Housing Program Enterprise Fund. Based on an agreement between DeAnza Gardens L.P. and the Authority, the land is leased for $72,000 per year, payable from excess/distributable cash. Unpaid lease amounts are carried forward without interest. The Authority's Public Housing Program Enterprise Fund reported $996,000 due from related party for this lease, with $72,000 reported in the current fiscal year as fees charged to a related party (nonoperating revenue).

During the fiscal year ended December 31, 2016, DeAnza Gardens L.P. paid management fees to the Authority in the amount of $12,960. Nonoperating revenue of $12,960 is reported in the Authority's Statement of Revenues, Expenses, and Changes in Fund Net Position for the year ended March 31, 2017. Some of the DeAnza Gardens tenants (7 as of December 2016) are also clients of the Authority's Housing Choice Voucher or Shelter Plus Care Program. The rent for these tenants is subsidized by HUD through the Authority. During the twelve months ended March 31, 2017, the Authority's Housing Choice Voucher Program paid $89,406 in HAP payments to DeAnza Gardens L.P.

Intrafund accounting issues:

The intrafund amounts which have been eliminated when reporting these entities in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position are:

- $1,000,000 long-term note held by DeAnza Corp from DeAnza L.P.
- $918,280 of interest on the long-term note held by DeAnza Corp from DeAnza L.P.
- $335,525 receivable recognized by DeAnza Corp from DeAnza L.P.
- $703 deficit investment in partnership reported by DeAnza Corp is offset by net position in DeAnza L.P.
- $56,106 managements fees reported as revenue to DeAnza Corp and expenses of DeAnza L.P.
- $68,000 interest revenue on the long-term debt is recognized by DeAnza Corp and expensed by DeAnza L.P.

(Continued)

Note 14 (continued)

Cash and investments:

	Unrestricted	Restricted
Demand deposits (FDIC insured up to $250,000)	$ 220,646	$ 35,364
Cash held by investment companies	-	1,255
Investments	-	960,274
Held by mortgagor	-	492,734
Cash on hand	500	-
	$ 221,146	$ 1,489,627

The demand deposits are with WestAmerica bank. The total on deposit did not exceed the amount covered by FDIC as of December 31, 2016. FDIC coverage is $250,000 for 2016. Cash and investments of $961,529 are held by Cantella & Co., Inc. The investments consist of six marketable certificates of deposit with face values ranging from $108,000 to $230,000.

Restricted cash includes replacement and operating reserves required by the lender and reported as restricted net assets totaling $1,454,263. Cash has also been restricted for security deposits in the amount of $35,364. The excess of the security deposit liability of $132,154, over the cash balance represents cash held as an investment in the operating reserve account.

Capital assets:

DeAnza Gardens was completed and placed into service during the fiscal year ended December 31, 2004. DeAnza Gardens L.P.'s property and equipment are summarized as follows:

	12/31/2016	12/31/2015
Building and improvements	$ 29,505,562	$ 29,505,562
Land improvements	1,150,712	1,150,712
Off-site improvements	208,448	208,448
On-site improvements	4,028,709	4,028,709
Furniture and fixtures	532,556	488,321
	35,425,987	35,381,752
Less accumulated depreciation	(12,701,623)	(11,675,442)
	$ 22,724,364	$ 23,706,310

Property and equipment are being depreciated on the straight-line method over the estimated useful life of the assets. The useful lives of the assets are estimated to be forty years for buildings and off-site improvements, fifteen years for on-site improvements and seven years for furniture and fixtures.

(Continued)

Note 14 (continued)

Long-term debt:

Permanent financing was obtained for the costs of the DeAnza Gardens' construction during 2005. The note is held by California Community Reinvestment Corporation. The original amount of the loan was $10,115,373. This loan requires monthly payments of $64,603, beginning November 1, 2005, earns interest at a rate of 6.6% per annum, and is due in full October 2023. Activity on the loan is as follows:

	Balance 12/31/2015	Payments	Balance 12/31/2016	S/T Portion	L/T Portion	Interest Payable
	$ 8,562,087	$ (216,609)	$ 8,345,478	$ 231,346	$ 8,114,132	$ 45,900
Loan costs			(68,111)		(68,111)	
			$ 8,277,367		$ 8,046,021	

Interest expense for the fiscal year ended December 31, 2016	$ 556,316

Costs incurred in order to obtain permanent financing for the De Anza notes were $391,461 and are amortized on a straight-line basis into interest expense over the term of the loan. Interest expense amortization of permanent loan costs was $11,352 during the current fiscal year. In prior years the permanent loan costs, net of amortization were reported as other non-current assets. As the result of new accounting guidance, the permanent loan costs, net of amortization, are now reported as a reduction to long-term debt and the amortization reported as interest expense. This change in accounting policy had no effect on net position and therefore, is not reported as a prior period adjustment.

Deficit Unrestricted Net Position

While DeAnza Gardens has a positive net position in total, its unrestricted net position is in deficit as of December 31, 2016. The majority of the entity's assets are either invested in capital assets or restricted, leaving the unrestricted net position in deficit by $2,994,594. This deficit is an increase over the prior year's deficit in unrestricted net position of $2,929,179.

(Continued)

Note 15 - CONTINGENT LIABILITIES

A. Grants

The Authority has received funds from various federal, state and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

B. Line of Credit

On January 9, 2017, the Authority renewed an agreement with WestAmerica Bank for a $1 million line of credit. The interest rate is variable, but will not exceed the amount allowed by law. The initial rate for this line of credit was 4.5%. It is the Authority's intention to use this line of credit to cover any shortage in cash flow, if any, that may arise over the term of the loan. No amounts were drawn on this line of credit during the current fiscal year.

C. Litigation

The Authority is involved in various matters of litigation. It is the Authority's opinion that these matters of litigation will not have a material effect, if any, on the financial position of the Authority.

Note 16 - ECONOMIC DEPENDENCE

The Authority receives a significant portion of its revenue from the U.S. Department of Housing and Urban Development. See the Schedule of Expenditures of Federal Awards, shown as supplemental information, for the HUD programs that the Authority administers. These programs are currently on-going. However, they are dependent on the Federal budgeting processes, and therefore, funding will vary from year to year.

Note 17 - RISK MANAGEMENT

<u>Workers Compensation Insurance</u>: The Authority participates in a joint venture under a joint powers agreement (JPA) with the California Housing Workers' Compensation Authority (CHWCA). CHWCA was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2016, there were thirty-two members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

(Continued)

Note 17 (continued)

Condensed CHWCA audited financial information for the year ended December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Total assets	$ 26,789,732	$ 25,524,673
Total liabilities	(15,021,154)	(15,818,959)
Net position	$ 11,768,578	$ 9,705,714
Total revenues	$ 5,351,150	$ 5,118,049
Total expenses	(3,288,286)	(3,424,446)
Net change in net position	$ 2,062,864	$ 1,693,603

CHWCA had no long-term debt outstanding at December 31, 2016. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated. The Authority's annual premium is based on covered payroll. Premiums paid for the calendar year ended December 31, 2016 were $234,396. CHWCA issues a separate comprehensive annual financial report. Copies of this report may be obtained by contacting Bickmore Risk Services, 6371 Auburn Boulevard, Suite B, Citrus Heights, California, 95621.

Property and Liability Insurance: The Authority carries insurance for its various operations with the Housing Authority Insurance Services (HAI), the Housing Authority Risk Retention Group (HARRG), and Employment Risk Management Authority (ERMA). The property insurance limits vary by property covered, with a deductible of $25,000 per occurrence. The commercial liability limit of coverage is $5,000,000 aggregate for the policy year. The deductible is $25,000 per occurrence. The liability insurance covers bodily injury and property damage liability ($5 million limit), mold liability ($250,000 limit), and employee benefits administration liability ($1 million limit, with a deductible of $1,000 per employee). The automobile insurance limits are $4 million for liability, $1 million for non-owned hired autos, and $1 million for uninsured motorists. Employment liability insurance coverage through ERMA is $1 million with a $50,000 deductible per occurrence. Premiums paid for this coverage were approximately $320,000 for the policy year beginning June 1, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
REQUIRED SUPPLEMENTARY INFORMATION
AS OF MARCH 31, 2017

Schedule of Proportionate Share of the Net Pension Liability (NPL)

Reporting Date for Employer Under GASB 68	Proportion of the NPL	Proportionate Share of the NPL	Covered Employee Payroll	NPL as a % of covered Payroll	Funded Ratio
6/30/2014	0.724%	$ 10,648,283	$ 4,677,572	227.65%	80.04%
6/30/2015	0.724%	$ 8,652,807	$ 4,691,885	184.42%	84.06%
6/30/2016	0.716%	$ 10,788,391	$ 4,841,907	222.81%	80.83%
6/30/2017	0.726%	$ 10,162,604	$ 5,215,890	194.84%	82.73%

Schedule of Employer Contributions

Measurement Date Year Ended December 31	Actuarially Determined Contributions	Contribution in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 2,329,742	$ 2,329,742	$ 0	$ 4,841,907	48.12%
2016	$ 2,179,232	$ 2,179,232	$ 0	$ 5,215,890	41.78%

Contributions exclude “employer subvention of member contributions”. Prior to the December 31, 2016 measurement date the contributions included “employer subvention of member contributions”.

Schedule of Funding Progress for OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Status	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
3/31/2008	$ -	$ 16,457,000	$ 16,457,000	0%	$ 5,279,413	311.72%
3/31/2009	$ -	$ 8,236,801	$ 8,236,801	0%	$ 5,345,205	154.10%
3/31/2010	$ -	$ 8,236,801	$ 8,236,801	0%	$ 5,133,982	160.44%
3/31/2011	$ -	$ 4,931,685	$ 4,931,685	0%	$ 5,832,771	84.55%
3/31/2012	$ -	$ 5,105,240	$ 5,105,240	0%	$ 5,057,120	100.95%
3/31/2013	$ -	$ 5,224,097	$ 5,224,097	0%	$ 5,352,272	97.61%
3/31/2014	$ -	$ 5,365,137	$ 5,365,137	0%	$ 5,768,742	93.00%
3/31/2015	$ -	$ 5,016,892	$ 5,016,892	0%	$ 4,750,311	105.61%
3/31/2016	$ 107,984	$ 5,660,949	$ 5,552,965	1.9%	$ 5,150,586	107.81%
3/31/2017	$ 215,421	$ 5,660,949	$ 5,445,528	3.8%	$ 5,752,616	94.66%

- The Proportionate Share of Net Pension Liability presents the Authority's portion of CCCERA's NPL as a dollar value as well as a percentage. The funded ratio represents the Authority's proportionate share of the Plan's Fiduciary Net Position as a percentage of the Authority's proportionate share of the Total Pension Liability. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. This schedule was provided by CCCERA in its "GAS 68 Actuarial Valuation Based on December 31, 2016 Measurement Date for Employer Reporting as of June 30, 2017".

- The Schedule of Employer Contributions presents information regarding the Authority's required contributions to CCERA, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. The amounts noted are based on the Plan's calendar year and not on the Authority's fiscal year end of March 31. See also Footnote 11 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. The information for this schedule was obtained from information contained in CCCERA's "GAS 68 Actuarial Valuation Based on December 31, 2016 Measurement Date for Employer Reporting as of June 30, 2017".

- The Schedule of Funding Progress for OPEB is intended to show trends regarding the funding progress of the Authority's actually determined liability for postemployment benefits other than pensions. The authority began funding these benefits during the prior fiscal year. Please see also Footnote 12 to the Basic Financial Statements.

- There have been no changes in benefit terms since the previous valuation for either CCCERA or the Authority's OPEB.

- There have been no change in assumptions from CCCERA's prior year valuation, except for administrative expenses which decreased from 1.14% to 1.12% of payroll.

- The valuation results for OPEB were based on a 4% discount rate up until March 31, 2016, assuming that the Authority continued the pay-as-you-go funding of OPEB. The Discount rate changed to 7.39%, beginning April 1, 2016, which coincides with the Authority's decision to fund the OPEB plan.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2017

Federal Grantor	CFDA Number	Expenditures
Department of Housing and Urban Development (HUD):		
Direct Programs:		
Shelter Plus Care	14.238	$ 4,530,663
Public and Indian Housing	14.850	5,740,091
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	200,812
Housing Choice Voucher Program	14.871	94,744,960
Public Housing - Capital Fund Program	14.872	1,723,695
Family Self Sufficiency Program Coordinators	14.896	140,837
Subtotal federal expenditures, Dept of HUD		107,081,058
Total expenditures of federal awards		$ 107,081,058

The accompanying Independent Auditors' Report and notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2017

1. The schedule of expenditures of federal awards includes the federal award activity of the Housing Authority of the County of Contra Costa, California, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Authority it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority. The Authority has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

2. Expenditures are reported as follows:

Shelter Plus Care Program - expenditures reported agree with the HUD grants earned for the year.

Public and Indian Housing Program - expenditures reported consist only of the operating subsidy amount received from HUD for the fiscal year ended March 31, 2017.

Moderate Rehabilitation Program - expenditures reported consist of operating expenses to the extent that federal grants were received towards these expenditures and/or that prior year funding is available for expenditure. These amounts differed from the actual annual contributions received.

Housing Choice Voucher Program - expenditures reported consist of operating expenses, including capital transactions and omitting depreciation, to the extent that federal grants were received towards these expenditures and/or that prior year funding was available for expenditure. These amounts differed from the actual annual contributions received from HUD. The expenditures were determined as follows:

	HAP	Admin	Total
Operating expenses	$ 88,785,779	$ 6,548,113	$ 95,333,892
Adjustments:			
Depreciation	-	(177,332)	(177,332)
HAP reimbursed by other housing authorities	(894,349)	-	(894,349)
Transfers to other programs	-	198,826	198,826
Capital additions	-	164,033	164,033
Debt retired	-	188,526	188,526
Total Expenditures	$ 87,891,430	$ **6,922,166**	$ 94,813,596
Federal grants earned	$ 87,634,595	$ 6,564,181	$ 94,198,776
Prior funding available for expenditure	188,199	4,063,503	4,251,702
Federal awards available for expenditure	$ **87,822,794**	$ 10,627,684	$ 98,450,478
Expenditures of Federal awards	$ **87,822,794**	$ **6,922,166**	$ **94,744,960**

Public Housing Capital Fund Program - expenditures reported agree with the revenue and actual expenditures (expenses, plus capital expenditures, less depreciation expense) for the current fiscal year.

Family Self Sufficiency Program Coordinators - expenditures reported agree with the HUD grants earned for the year.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
BALANCE SHEET
AS OF MARCH 31, 2017

	Public Housing (including Capital Fund)	PIH Family Self-Sufficiency Program	Community Development Block Grant	Housing Choice Vouchers	Discretely Presented Component Unit - De Anza
CFDA Number	**14.850/14.872**	**14.896**	**14.218**	**14.871**	
111 Cash - Unrestricted	$99,812	$17,224	$136,253	$1,619,714	$221,145
113 Cash - Other Restricted				$2,308	$1,454,263
114 Cash - Tenant Security Deposits	$324,735				$35,364
100 Total Cash	$424,547	$17,224	$136,253	$1,622,022	$1,710,772
121 Accounts Receivable - PHA Projects				$3,977	
122 Accounts Receivable - HUD Other Projects	$442,277			$1,230,284	
125 Accounts Receivable - Miscellaneous	$0				$26,957
126 Accounts Receivable - Tenants	$188,759				$43,255
126.1 Allowance for Doubtful Accounts -Tenants	-$59,818				-$1,720
126.2 Allowance for Doubtful Accounts - Other	$0			$0	-$7,881
127 Notes, Loans, & Mortgages Receivable - Current					
129 Accrued Interest Receivable	$3,430			$9,683	$3,700
120 Total Receivables, Net of Allowances for Doubtful Accounts	$574,648	$0	$0	$1,243,944	$64,311
131 Investments - Unrestricted	$2,022,191			$1,117,094	
132 Investments - Restricted				$415,429	
142 Prepaid Expenses and Other Assets	$92,720			$1,788	$20,114
144 Inter Program Due From	$0		$0		
150 Total Current Assets	$3,114,106	$17,224	$136,253	$4,400,277	$1,795,197
161 Land	$1,026,405			$330,791	$1,150,712
162 Buildings	$88,915,211			$3,168,053	$29,714,010
164 Furniture, Equipment & Machinery - Administration	$1,560,550		$3,937	$829,031	$532,557
166 Accumulated Depreciation	-$85,366,714		-$3,937	-$2,010,036	-$12,701,623
167 Construction in Progress	$328,031				
168 Infrastructure					$4,028,709
160 Total Capital Assets, Net of Accumulated Depreciation	$6,463,483	$0	$0	$2,317,839	$22,724,365
171 Notes, Loans and Mortgages Receivable - Non-Current	$0		$322,436	$1,000,000	
174 Other Assets	$1,025,462		$89,580	$480,107	$0
180 Total Non-Current Assets	$7,488,945	$0	$412,016	$3,797,946	$22,724,365
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	$10,603,051	$17,224	$548,269	$8,198,223	$24,519,562

Blended Component Unit - Casa Del Rio	Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	Section 8 Moderate Rehab	Central Office Cost Center	Subtotal	Eliminations	Total
	14.238			**14.856**				
$12,293	$62,066	$36,279	$243,365	$6,331		$2,454,482		$2,454,482
$591,229				$0		$2,047,800		$2,047,800
$10,873				$0		$370,972		$370,972
$614,395	$62,066	$36,279	$243,365	$6,331	$0	$4,873,254	$0	$4,873,254
				$0		$3,977		$3,977
	$209,645			$0		$1,882,206		$1,882,206
			$69,684	$0		$96,641		$96,641
$14,754				$0		$246,768		$246,768
-$5,799				$0		-$67,337		-$67,337
	$0		$0	$0		-$7,881		-$7,881
			$5,034	$0		$5,034		$5,034
		$787	$4,981	$0		$22,581		$22,581
$8,955	$209,645	$787	$79,699	$0	$0	$2,181,989	$0	$2,181,989
$113,060		$150,861	$1,548,065	$0	$380,712	$5,331,983		$5,331,983
				$0		$415,429		$415,429
$41,020			$245	$9	$29,468	$185,364		$185,364
			$0	$0	$770,676	$770,676	-$770,676	$0
$777,430	$271,711	$187,927	$1,871,374	$6,340	$1,180,856	$13,758,695	-$770,676	$12,988,019
$468,797				$0		$2,976,705		$2,976,705
$6,461,287			$74,415	$0		$128,332,976		$128,332,976
$178,405			$699	$128,078	$170,999	$3,404,256		$3,404,256
-$4,000,712			-$75,114	-$128,078	-$155,663	-$104,441,877		-$104,441,877
				$0		$328,031		$328,031
				$0		$4,028,709		$4,028,709
$3,107,777	$0	$0	$0	$0	$15,336	$34,628,800	$0	$34,628,800
$185,000		$54,030		$0		$1,561,466	-$185,000	$1,376,466
$0		$15,771	$1,002,944	$0		$2,613,864	-$440,311	$2,173,553
$3,292,777	$0	$69,801	$1,002,944	$0	$15,336	$38,804,130	-$625,311	$38,178,819
			$2,013,425	$0		$2,013,425		$2,013,425
$4,070,207	$271,711	$257,728	$4,887,743	$6,340	$1,196,192	$54,576,250	-$1,395,987	$53,180,263

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
BALANCE SHEET
AS OF MARCH 31, 2017
(Continued)

	Public Housing (including Capital Fund)	PIH Family Self-Sufficiency Program	Community Development Block Grant	Housing Choice Vouchers	Discretely Presented Component Unit - De Anza
CFDA Number	**14.850/14.872**	**14.896**	**14.218**	**14.871**	
312 Accounts Payable <= 90 Days	$454,694			$397,392	$79,825
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion	$98,620	$17,224		$81,630	
325 Accrued Interest Payable					$45,900
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	$69,572		$136,253		
341 Tenant Security Deposits	$324,735				$167,518
342 Unearned Revenue	$20,165			$60,669	$28,631
343 Current Portion of Long-term Debt - Capital Projects				$198,008	$231,346
345 Other Current Liabilities					$14,012
346 Accrued Liabilities - Other	$153,362			$19,249	
347 Inter Program - Due To	$648,633				
310 Total Current Liabilities	$1,769,781	$17,224	$136,253	$756,948	$567,232
351 Long-term Debt, Net of Current - Capital Projects				$1,888,341	$8,046,021
352 Long-term Debt, Net of Current - Operating Borrowings					$1,000,000
353 Non-current Liabilities - Other				$476,867	$2,045,544
354 Accrued Compensated Absences - Non Current	$48,841			$39,106	
355 Loan Liability - Non Current			$412,016		
357 Accrued Pension and OPEB Liabilities	$1,115,932			$896,720	
350 Total Non-Current Liabilities	$1,164,773	$0	$412,016	$3,301,034	$11,091,565
300 Total Liabilities	$2,934,554	$17,224	$548,269	$4,057,982	$11,658,797
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	$6,463,483			$231,490	$14,401,098
511.4 Restricted Net Position					$1,454,263
512.4 Unrestricted Net Position	$1,205,014	$0	$0	$3,908,751	-$2,994,596
513 Total Equity - Net Assets / Position	$7,668,497	$0	$0	$4,140,241	$12,860,765
600 Total Liabilities, Deferred Inflows of Resources & Equity	$10,603,051	$17,224	$548,269	$8,198,223	$24,519,562

Blended Component Unit - Casa Del Rio	Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	Section 8 Moderate Rehab	Central Office Cost Center	Subtotal	Eliminations	Total
	14.238			**14.856**				
$9,832	$10,220		$29,006	$8	$25,017	$1,005,994		$1,005,994
			$235,882	$0		$235,882		$235,882
	$2,982	$146	$830	$29	$95,472	$296,933		$296,933
				$0		$45,900		$45,900
				$5,292		$5,292		$5,292
				$0				
	$136,023			$0		$341,848		$341,848
$41,894				$0		$534,147		$534,147
$1,648		$187,760		$0		$298,873		$298,873
$28,843				$0		$458,197		$458,197
				$0		$14,012		$14,012
			$315	$1,000	$2,494	$176,420		$176,420
	$122,043			$0		$770,676	-$770,676	$0
$82,217	$271,268	$187,906	$266,033	$6,329	$122,983	$4,184,174	-$770,676	$3,413,498
$2,880,691				$0		$12,815,053		$12,815,053
			$185,000	$0		$1,185,000	-$185,000	$1,000,000
$2,244,201				$0		$4,766,612	-$440,311	$4,326,301
	$443	$21	$402	$11	$36,308	$125,132		$125,132
		$69,801		$0		$481,817		$481,817
			$10,162,604	$0	$395,113	$12,570,369		$12,570,369
$5,124,892	$443	$69,822	$10,348,006	$11	$431,421	$31,943,983	-$625,311	$31,318,672
$5,207,109	$271,711	$257,728	$10,614,039	$6,340	$554,404	$36,128,157	-$1,395,987	$34,732,170
				$0				
-$1,605,647				$0	$15,336	$19,505,760		$19,505,760
$591,229				$0		$2,045,492		$2,045,492
-$122,484	$0	$0	-$5,726,296	$0	$626,452	-$3,103,159		-$3,103,159
-$1,136,902	$0	$0	-$5,726,296	$0	$641,788	$18,448,093	$0	$18,448,093
$4,070,207	$271,711	$257,728	$4,887,743	$6,340	$1,196,192	$54,576,250	-$1,395,987	$53,180,263

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED MARCH 31, 2017

	Public Housing (including Capital Fund)	PIH Family Self-Sufficiency Program	Community Development Block Grant	Housing Choice Vouchers	Discretely Presented Component Unit - De Anza
CFDA Number	**14.850/14.872**	**14.896**	**14.218**	**14.871**	
70300 Net Tenant Rental Revenue	$3,926,391				$2,043,704
70400 Tenant Revenue - Other	$94,072				
70500 Total Tenant Revenue	$4,020,463	$0	$0	$0	$2,043,704
70600 HUD PHA Operating Grants	$6,413,764	$140,837		$94,198,776	
70610 Capital Grants	$1,050,023				
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70700 Total Fee Revenue					
70800 Other Government Grants	$5,323				
71100 Investment Income - Unrestricted	$32,498	$270		$21,836	$34,463
71200 Mortgage Interest Income					
71400 Fraud Recovery				$74,646	
71500 Other Revenue	$121,116			$1,029,345	$130,092
72000 Investment Income - Restricted				$0	
70000 Total Revenue	$11,643,187	$141,107	$0	$95,324,603	$2,208,259
91100 Administrative Salaries	$954,828		$292	$2,056,170	$153,081
91200 Auditing Fees	$35,336			$33,855	$17,544
91300 Management Fee	$833,359			$1,312,826	
91310 Book-keeping Fee	$91,699			$561,225	$12,960
91400 Advertising and Marketing					$10,851
91500 Employee Benefit contributions - Administrative	$790,011		$217	$1,189,179	$41,238
91600 Office Expenses	$341,326			$578,803	$156,346
91700 Legal Expense	$75,733			$106,468	$14,290
91800 Travel	$3,174			$326	$977
91900 Other	$11,622			$52,856	$17,280
91000 Total Operating - Administrative	$3,137,088	$0	$509	$5,891,708	$424,567
92000 Asset Management Fee	$114,120				
92100 Tenant Services - Salaries	$107,106	$180,777			
92200 Relocation Costs	$18,869				
92300 Employee Benefit Contributions - Tenant Services	$16,698	$124,710			
92400 Tenant Services - Other	$54,881			$791	
92500 Total Tenant Services	$197,554	$305,487	$0	$791	$0
93100 Water	$590,776			$6,152	$146,048
93200 Electricity	$621,917			$38,690	$21,269
93300 Gas	$137,487			$2,645	$4,167
93600 Sewer	$536,388			$1,209	$90,319
93000 Total Utilities	$1,886,568	$0	$0	$48,696	$261,803
94100 Ordinary Maintenance and Operations - Labor	$1,120,867			$72	$90,749
94200 Ordinary Maintenance and Operations - Materials and Other	$602,612			$2,614	$75,819
94300 Ordinary Maintenance and Operations Contracts	$1,434,019			$55,291	$193,989
94500 Employee Benefit Contributions - Ordinary Maintenance	$562,049			$39	$22,360
94000 Total Maintenance	$3,719,547	$0	$0	$58,016	$382,917

Blended Component Unit - Casa Del Rio	Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	Section 8 Moderate Rehab	Central Office Cost Center	Subtotal	Eliminations	Total
	14.238			**14.856**				
$505,123				$0		$6,475,218	-$16,338	$6,458,880
$3,754				$0		$97,826		$97,826
$508,877	$0	$0	$0	$0	$0	$6,573,044	-$16,338	$6,556,706
	$4,530,663			$195,732	$2,000	$105,481,772		$105,481,772
				$0		$1,050,023		$1,050,023
				$0	$2,190,890	$2,190,890	-$2,190,890	$0
				$0	$114,120	$114,120	-$114,120	$0
				$0	$652,924	$652,924	-$652,924	$0
				$0	$2,957,934	$2,957,934	-$2,957,934	$0
				$0		$5,323		$5,323
$2,562	$2,145	$0	$2,725	$191	$186	$96,876		$96,876
		$1,620		$0		$1,620		$1,620
				$0		$74,646		$74,646
			$2,418,630	$0	$1,090	$3,700,273	-$2,405,670	$1,294,603
$2,757				$0		$2,757		$2,757
$514,196	$4,532,808	$1,620	$2,421,355	$195,923	$2,961,210	$119,944,268	-$5,379,942	$114,564,326
$74,432	$53,807	$709		$699	$1,277,289	$4,571,307		$4,571,307
$19,950			$315	$2,000	$4,494	$113,494		$113,494
$42,132	$44,705			$0		$2,233,022	-$2,233,022	$0
$10,320				$0		$676,204	-$663,244	$12,960
$35				$0		$10,886		$10,886
$18,188	$33,480	$255	$1,496,628	$483	$907,289	$4,476,968	-$1,876,404	$2,600,564
$32,583	$14,449	$86	$2,950	$653	$372,721	$1,499,917		$1,499,917
$3,124				$10	$31,762	$231,387		$231,387
				$1	$2,028	$6,506		$6,506
			$0	$0	$214	$81,972		$81,972
$200,764	$146,441	$1,050	$1,499,893	$3,846	$2,595,797	$13,901,663	-$4,772,670	$9,128,993
				$0		$114,120	-$114,120	$0
				$0		$287,883		$287,883
				$0		$18,869		$18,869
			$58,413	$0		$199,821	-$84,970	$114,851
	$336,833			$0	$2,624	$395,129		$395,129
$0	$336,833	$0	$58,413	$0	$2,624	$901,702	-$84,970	$816,732
$15,228				$0		$758,204		$758,204
$36,658				$8	$26,089	$744,631		$744,631
$3,956				$1	$3,176	$151,432		$151,432
$39,078				$0		$666,994		$666,994
$94,920	$0	$0	$0	$9	$29,265	$2,321,261	$0	$2,321,261
$47,893				$0		$1,259,581		$1,259,581
$44,787				$1	$4,542	$730,375		$730,375
$60,646				$11	$35,040	$1,778,996		$1,778,996
			$327,415	$0		$911,863	-$391,844	$520,019
$153,326	$0	$0	$327,415	$12	$39,582	$4,680,815	-$391,844	$4,288,971

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED MARCH 31, 2017
(Continued)

	Public Housing (including Capital Fund)	PIH Family Self-Sufficiency Program	Community Development Block Grant	Housing Choice Vouchers	Discretely Presented Component Unit - De Anza
CFDA Number	**14.850/14.872**	**14.896**	**14.218**	**14.871**	
95200 Protective Services - Other Contract Costs	$557,363				$64,958
95300 Protective Services - Other	$46,565			$13,627	$3,818
95000 Total Protective Services	$603,928	$0	$0	$13,627	$68,776
96110 Property Insurance	$138,961			$21,325	$50,368
96120 Liability Insurance	$2,340			$70	
96130 Workmen's Compensation	$125,465	$2,356	$5	$34,572	$11,056
96140 All Other Insurance				$4,481	
96100 Total insurance Premiums	$266,766	$2,356	$5	$60,448	$61,424
96200 Other General Expenses	$15,695			$33,043	$72,000
96210 Compensated Absences	$203,673	$24,862	$31	$156,755	
96300 Payments in Lieu of Taxes	$92,756				$25,567
96400 Bad debt - Tenant Rents	$146,703				$3,465
96000 Total Other General Expenses	$458,827	$24,862	$31	$189,798	$101,032
96710 Interest of Mortgage (or Bonds) Payable	$2,666			$107,694	$567,668
96720 Interest on Notes Payable (Short and Long Term)	$0				$30,000
96700 Total Interest Expense and Amortization Cost	$2,666	$0	$0	$107,694	$597,668
96900 Total Operating Expenses	$10,387,064	$332,705	$545	$6,370,778	$1,898,187
97000 Excess of Operating Revenue over Operating Expenses	$1,256,123	-$191,598	-$545	$88,953,825	$310,072
97200 Casualty Losses - Non-capitalized	$7,728				
97300 Housing Assistance Payments				$87,891,430	
97350 HAP Portability-In				$894,349	
97400 Depreciation Expense	$1,391,336		$8	$177,331	$1,026,181
90000 Total Expenses	$11,786,128	$332,705	$553	$95,333,888	$2,924,368
10010 Operating Transfer In	$668,197	$191,598	$528	$40,389	
10020 Operating transfer Out	-$668,197			-$198,826	
10091 Inter Project Excess Cash Transfer In	$398,917				
10092 Inter Project Excess Cash Transfer Out	-$398,917				
10100 Total Other financing Sources (Uses)	$0	$191,598	$528	-$158,437	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Expenses	-$142,941	$0	-$25	-$167,722	-$716,109
11020 Required Annual Debt Principal Payments	$0	$0	$0	$198,008	$231,346
11030 Beginning Equity	$7,811,438	$0	$25	$4,307,963	$13,576,874
11040 Prior Period Adj, Equity Transfers & Correction of Errors	$0				
11170 Administrative Fee Equity				$4,140,241	
11180 Housing Assistance Payments Equity				$0	
11190 Unit Months Available	13924			83052	2160
11210 Number of Unit Months Leased	12027			74830	2122
11270 Excess Cash	$386,477				
11620 Building Purchases	$881,904				
11640 Furniture & Equipment - Administrative Purchases	$178,745				

Blended Component Unit - Casa Del Rio	Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	Section 8 Moderate Rehab	Central Office Cost Center	Subtotal	Eliminations	Total
	14.238			**14.856**				
				$0		$622,321		$622,321
$8,671				$2	$6,754	$79,437		$79,437
$8,671	$0	$0	$0	$2	$6,754	$701,758	$0	$701,758
$46,358				$37	$100,261	$357,310		$357,310
				$140	$77,271	$79,821		$79,821
	$1,171	$4		$12	$16,904	$191,545		$191,545
				$8	$4,554	$9,043		$9,043
$46,358	$1,171	$4	$0	$197	$198,990	$637,719	$0	$637,719
			$2,295	$0	$228	$123,261		$123,261
	$3,904	$38		$66	$116,195	$505,524		$505,524
$2,379				$0		$120,702		$120,702
$4,948				$0		$155,116		$155,116
$7,327	$3,904	$38	$2,295	$66	$116,423	$904,603	$0	$904,603
$107,075				$0		$785,103		$785,103
				$0		$30,000		$30,000
$107,075	$0	$0	$0	$0	$0	$815,103	$0	$815,103
$618,441	$488,349	$1,092	$1,888,016	$4,132	$2,989,435	$24,978,744	-$5,363,604	$19,615,140
-$104,245	$4,044,459	$528	$533,339	$191,791	-$28,225	$94,965,524	-$16,338	$94,949,186
				$0		$7,728		$7,728
	$4,051,687			$156,292		$92,099,409	-$16,338	$92,083,071
				$0		$894,349		$894,349
$179,108				$0	$7,166	$2,781,130		$2,781,130
$797,549	$4,540,036	$1,092	$1,888,016	$160,424	$2,996,601	$120,761,360	-$5,379,942	$115,381,418
	$7,228			$0	$5,476	$913,416	-$913,416	$0
		-$528		-$40,389	-$5,476	-$913,416	$913,416	$0
				$0		$398,917	-$398,917	$0
				$0		-$398,917	$398,917	$0
$0	$7,228	-$528	$0	-$40,389	$0	$0	$0	$0
-$283,353	$0	$0	$533,339	-$4,890	-$35,391	-$817,092	$0	-$817,092
$28,843	$0	$0	$0	$0	$0	$458,197		$458,197
-$853,549	$0	$0	-$6,259,635	$4,890	$677,179	$19,265,185		$19,265,185
				$0		$0		$0
				$0		$4,140,241		$4,140,241
				$0		$0		$0
960	3532			336		103964		103964
928	3532			321		93760		93760
				$0		$386,477		$386,477
				$0	$0	$881,904		$881,904
				$0	$0	$178,745		$178,745

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF RELEVANT STATISTICS
FOR THE YEAR ENDED MARCH 31, 2017

Fiscal year ended March 31	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Number of employees	87	83	79	90	99	89	99	90	107	110
Number of clients served:										
Public Housing	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168
Housing Choice Voucher	6,236	6,371	6,297	6,287	6,359	6,400	6,359	6,234	6,400	6,394
Shelter plus Care	294	294	241	241	241	241	241	303	280	281
Section 8 Moderate Rehab	25	25	25	25	26	23	26	25	25	25
Section 8 Voucher	0	0	0	0	5	5	5	4	4	4
Component Units										
Casa Del Rio Senior Hsg	82	82	82	82	82	82	82	82	82	82
DeAnza Gardens	180	180	180	180	180	180	180	180	180	180
Total	7,985	8,120	7,993	7,983	8,061	8,099	8,061	7,997	8,139	8,134
Capital Asset Information:										
Total managed units			1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430
Total buildings	636	636	636	636	636	636	636	636	636	374
Total vehicles	48	48	46	46	46	46	46	49	49	49

By project:	Units	Bldg	Last change	Units	Bldg
11001 Martinez	50	28			
11002 Bay Point	-	1	2002	83	43
11003 Antioch	36	19			
11004 Brentwood	44	24			
11005 Pittsburgh	171	57			
11006 Richmond	71	30			
11008 Oakley	30	16			
11009a Richmond	81	44			
11009b Richmond	56	28			
11010 Rodeo	248	63			
11011 Martinez	50	1			
11012 Oakley	40	13			
11013 Bay Point	50	14			
11015 Antioch	100	4			
45001 San Pablo	100	31			
45002 San Pablo	41	1			
Total PHA	1,168	374			
Component units:					
Casa Del Rio Senior Hsg	82	1			
DeAnza Gardens	180	22	2005	180	22

The accompanying Independent Auditors' Report and notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF COMPLETED CAPITAL FUND PROGRAM PROJECT
ANNUAL CONTRIBUTIONS CONTRACT SF-182
MARCH 31, 2017

CA39P01150114

Funds approved	$	1,693,334
Funds expended		1,693,334
Excess of funds approved	$	-
Funds advanced	$	1,693,334
Funds expended		1,693,334
Excess of funds advanced	$	-

The accompanying Independent Auditors' Report and notes are an integral part of this statement.

Harn & Dolan

Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Housing Authority of the
County of Contra Costa
Martinez, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the County of Contra Costa, California, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of the County of Contra Costa, California's basic financial statements, and have issued our report thereon dated November 17, 2017. Our report includes a reference to other auditors who audited the financial statements of the blended component units and discretely presented component units, as described in our report on the Housing Authority of the County of Contra Costa, California's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the County of Contra Costa, California's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the County of Contra Costa, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Contra Costa, California's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the County of Contra Costa, California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harn & Dolan

November 17, 2017

Harn & Dolan
Certified Public Accountants
2423 Stirrup Court
Walnut Creek, California 94596-6526
(925) 280-1693 Fax (925) 938-4829

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Housing Authority of the
County of Contra Costa
Martinez, California

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the County of Contra Costa, California's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the County of Contra Costa, California's major federal programs for the year ended March 31, 2017. The Housing Authority of the County of Contra Costa, California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the County of Contra Costa, California's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the County of Contra Costa, California's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Housing Authority of the County of Contra Costa, California's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the County of Contra Costa, California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

Report on Internal Control Over Compliance

Management of the Housing Authority of the County of Contra Costa, California is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Housing Authority of the County of Contra Costa, California's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Contra Costa, California's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal programs that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.

Harn & Dolan

November 17, 2017

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATUS OF PRIOR AUDIT FINDINGS
MARCH 31, 2017

The audit report for the fiscal year ended March 31, 2016, contained no audit findings.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2017

Section I - Summary of Auditors' Results

<u>Financial Statements</u>

Type of auditors' report issued:	unmodified
Is a "going concern" emphasis-of-matter paragraph included in the audit report?	no
Is a significant deficiency in infernal control disclosed?	no
Is a material weakness in internal control disclosed?	no
Is a material noncompliance disclosed?	no

<u>Federal Awards</u>

Does the auditor's report include a statements that the auditee's financial statements include departments, agencies, or other organizational units expending $750,000 or more in Federal awards that have separate Uniform Guidance audits which are not included in this audit?	no
Dollar threshold used to distinguish between Type A and Type B programs	$ 3,000,000
Did the auditee qualified as low-risk auditee?	yes
Identification of major programs:	
Housing Choice Voucher Program	14.871
Type of auditors' report issued on compliance for major programs:	unmodified
Did the audit disclose any audit findings which the auditor is required to report in accordance with Uniform Guidance part 200.516?	no
Internal control over major programs:	
Significant deficiencies identified?	no
Any significant deficiency reported as a material weaknesses?	none reported
Are any known questioned costs reported?	no
Were prior audit findings related to direct funding shown in the Summary of Prior Audit Findings?	no

Section II - Financial Statement Findings
None

Section III - Federal Award Findings
None